

**Philanthropy New Zealand**

Tōpūtanga Tuku Aroha o Aotearoa

*Giving New Zealand*  
*Philanthropic Funding 2006*

Prepared by




March 2007



## **Giving New Zealand Philanthropic Funding 2006**



Prepared for: Philanthropy New Zealand

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- The Department of Internal Affairs
- The Ministry of Justice
- The Office of the Community and Voluntary Sector
- Statistics New Zealand

In addition to the report's main authors, the project team included David Norman, Matthew Arcus, Fiona Stokes and Atsushi Iseki.

## Foreword



Everyday New Zealanders are generously ‘giving back’ to their communities. This generosity is making a difference to the social fabric of our country. Philanthropic giving funds numerous organisations, individuals, programmes, and innovative schemes, working towards a more healthy and vibrant country.

Since its inception Philanthropy New Zealand has endeavoured to measure the scale of philanthropic giving in New Zealand. A number of smaller studies have been carried out, but this is the first time a comprehensive and robust research project has been undertaken, ensuring that this sector’s work is recognised and developed. It has numerous benefits, not only as a tool to inform present philanthropic and grantmaking decisions, but to add to our understanding of ‘civil society’ and enable the money to go where it will be most effective. We hope it will also encourage New Zealanders to think about their giving and promote generosity.

Giving New Zealand provides us with an up-to-date picture of philanthropic giving in New Zealand. It describes giving by trusts and foundations, individuals and businesses. It is a strong base for future research into giving in New Zealand. These measures can be reapplied in future studies and are comparable with New Zealand and international projects on the wider community and voluntary sector.

Philanthropy New Zealand expects Giving New Zealand will be an ongoing project enabling comparisons and trends over time to emerge, thus contributing to the knowledge and vitality of our indispensable philanthropic sector.

Jennifer Gill  
Chairperson  
Philanthropy New Zealand



*Report to:*  
*Philanthropy New Zealand*

## GIVING NEW ZEALAND: PHILANTHROPIC FUNDING 2006

*Prepared by*  
Adrian Slack  
Jason Leung-Wai

*March 2007*

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BERL ref #4500

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## I Executive summary

This report estimates how much money New Zealanders and New Zealand non-governmental organisations gave to charities and other community purposes during the 2005/2006 year.

The following definition set the scope of philanthropic funding for this study.

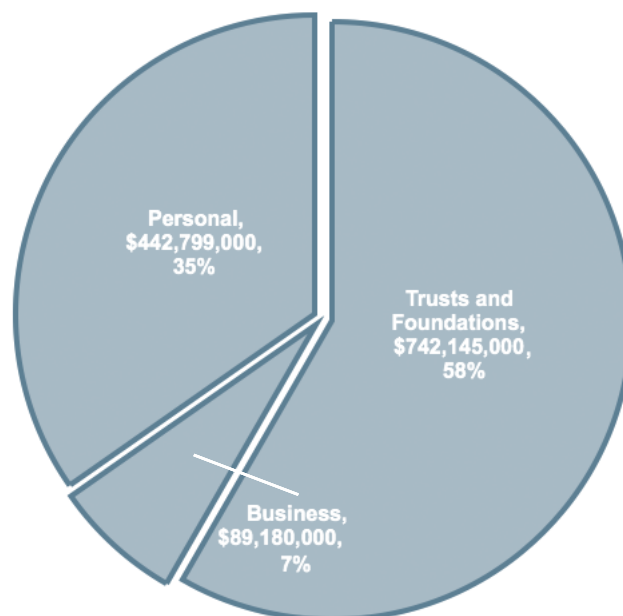
*Philanthropy is the act of giving financial resources to a cause that is intended to improve general human well-being, and where the giver expects no direct reciprocation or financial gain in return.*

Based on observed giving, BERL estimated that New Zealanders gave between \$1.24 billion and \$1.46 billion during the 2005/2006 year. Our best estimate in this range suggests total philanthropic funding of \$1.27 billion.

The study examined giving from three sources: trusts and foundations, individuals and businesses. These sources made the following contributions to total estimated monetary giving in the 2005/2006 year.

- Trusts and foundations funded just under three fifths (58 percent) of total estimated giving. Statutory trusts provided approximately five sixths of this funding, and voluntary trusts and foundations contributed one sixth.
- Personal donations and bequests contributed just over a third (35 percent) of total estimated giving.
- Businesses accounted for approximately one fourteenth (7 percent) of total estimated giving. Business giving excludes sponsorship as this does not fit the study definition of philanthropy. The study suggests, however, that businesses contributed almost twice this amount again to charitable organisations through sponsorship.

### *Philanthropic giving in New Zealand 2006*

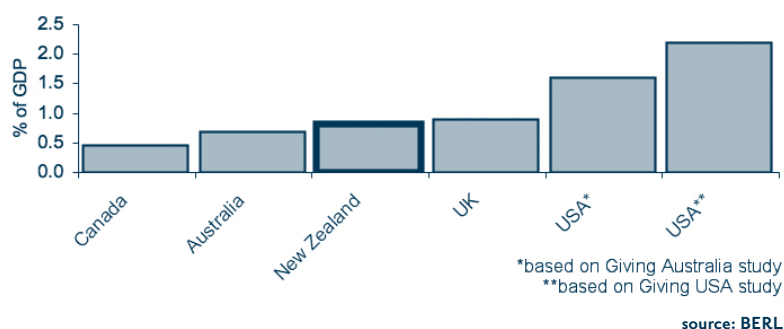


source: BERL



Total estimated giving equates to New Zealanders giving 0.81 percent of New Zealand GDP to philanthropic causes. New Zealand's giving as a percentage of GDP compares favourably with those of Canada, Australia and the United Kingdom for 2005/2006.

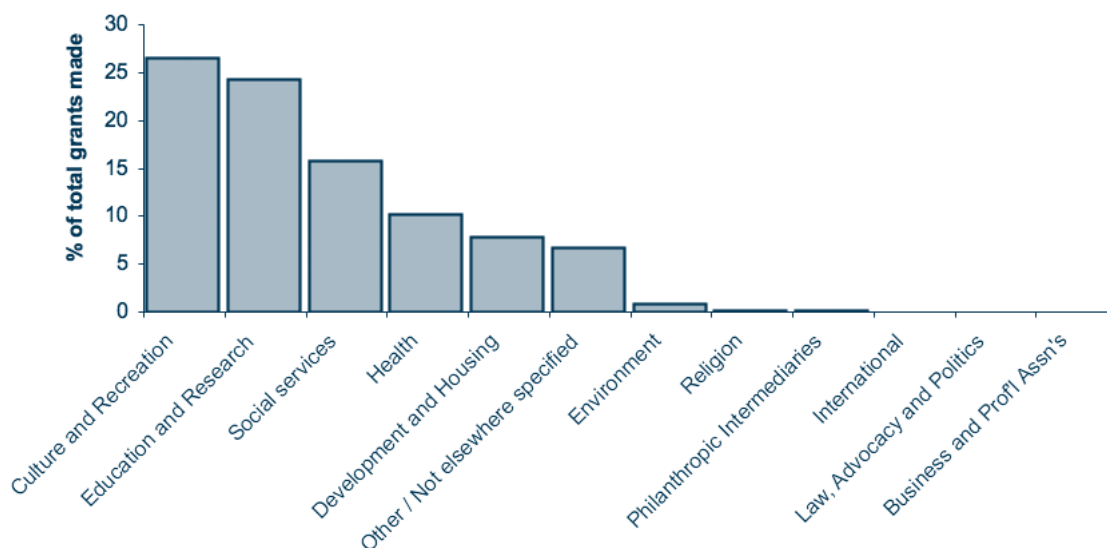
### International comparison of giving as a % of GDP



A survey of grantmakers provided indicative information about the recipients of philanthropic funding in New Zealand.

- Almost all (approximately 100 percent) of funds go to New Zealand recipients, although New Zealand-based charities may then give to overseas charities.
- Grantmakers gave just under 70 percent of philanthropic funding to recipients in specific regions, while 30 percent supported national organisations.
- The majority of granted funds (49 percent) went to Auckland recipients, while the remainder was spread widely across the remainder of the country. This reflects the substantial contribution of the ASB Community Trust to the Auckland region.
- The four activities that received the greatest amount of funding accounted for over three quarters of grant funding. These activities were culture, sports and recreation (27 percent), education and research (24 percent), social services (16 percent) and health (10 percent). BERL estimates that gaming machine societies provided just over 45 percent of the funding in the first category to sports.

### Activities that grants support



## 2 Introduction



Philanthropy New Zealand (PNZ) commissioned Business and Economic Research Limited (BERL) to measure the financial resources New Zealanders give to philanthropic causes. This report provides a snapshot measurement of New Zealanders' philanthropic funding for the 2005/2006 year, and what these funds supported. The report identified monetary contributions from three sources: trusts and foundations, individuals and businesses. These observed values were used to estimate overall giving. A secondary objective was to investigate where philanthropic funding goes.

This study evolved from a background scoping study BERL completed in 2006 on measuring philanthropy in New Zealand. The scoping study developed a definition of philanthropy that was suitable for an applied measurement study, outlined how to measure philanthropy based on this definition and identified a range of data sources that might be used for the study.

This measurement study defined philanthropy to reflect several objectives including:

- allowing comparability with other work measuring philanthropic and non-profit sector funding;
- acknowledging important, and sometimes unique, features in a New Zealand context; and,
- providing a practical and rigorous definition that would be suitable for measuring philanthropic funding using available data.

Based on these objectives, BERL developed the following definition for this study.

*Philanthropy is the act of giving financial resources to a cause that is intended to improve general human well-being, and where the giver expects no direct reciprocation or financial gain in return.*

The definition is central to what, and how, BERL measured giving in New Zealand. Recognising New Zealand's context and the information available, the study concentrated on non-government sources of philanthropic funding. These sources were analysed in three categories: trusts and foundations, individuals and businesses. By concentrating on the source of philanthropic funding the study captures giving to a wider range of recipients than non-profit sector organisations. This focus also separately identifies monetary gifts rather than money that funded an exchange, such as buying goods or services.

To facilitate comparison with other domestic and international work, the report divides philanthropic giving into voluntary and statutory giving. This approach recognises the important philanthropic role of independent organisations in New Zealand that have a statutory mandate to give. Statutory givers include organisations such as community trusts, energy trusts and the Lottery Grants Board.

The study included giving to domestic and foreign recipients as forms of philanthropic funding by New Zealanders. BERL aimed to filter out giving by foreign donors to New Zealand.

The study involved collecting data from a range of sources. Where possible, BERL used robust, administrative data sources. These sources were complemented by a review of published material and a substantial postal and online survey of grantmakers and grant recipients. BERL aimed to collect data for the most recent year available from a particular source, and to identify the source and recipients of philanthropic funds.

The remainder of the report is divided into eight main sections, a summary, references and appendices.

Section 3 reviews existing research on philanthropic giving in New Zealand and internationally. This section provides background and context to giving behaviour.

Section 4 defines philanthropy in the context of measuring the dollar value of philanthropic funding. The definition provides a set of inclusion and exclusion criteria that shaped what the study should measure.

Section 5 sets out the methods and sources BERL used to measure funding flows that were consistent with the study definition of philanthropy. The methods are set out according to the categories of giving the study aimed to measure: trusts and foundations, individuals and businesses.

Sections 6 to 8 deal with the three broad categories of giving – trusts and foundations, individuals and businesses.

Section 9 examines the activities and regions supported.

Section 10 summarises the results of the study and provides a total giving figure, as well as the range within which the true value falls at a 95 percent confidence level.

The final sections of the report contain references and appendices that provide additional detail on how data were collected and analysed.

### 3 Background

This section provides a summary of literature on philanthropy research and measuring philanthropy in New Zealand. It also includes a brief review of significant international research on philanthropy and patterns of giving. Various studies of philanthropy and the non-profit sector have been done in New Zealand and internationally. BERL endeavoured to develop measurement approaches that will allow comparison to aspects of other work. The scope of this project, however, meant that there was no study directly comparable to this one.

Two recent studies on philanthropy in New Zealand have looked at different aspects of giving. The Funding New Zealand (FNZ) 2002 study estimated that community sector organisations received funding of \$1.84 billion (2006 dollars), although this included money from government agencies, which is excluded from this study. The PNZ 2003 Giving Behaviours and Attitudes Survey focused only on giving by individuals and on giving behaviour rather than estimating the funds involved.

Australia, Canada, the United Kingdom (UK) and the United States of America (USA) have done major studies on giving. Direct comparisons of giving as a percentage of Gross Domestic Product (GDP) between countries is complicated. The classification of government payments to non-profit organisations varies widely across the countries studied. A second factor is that government and state intervention impacts on the place and extent of private philanthropic giving.

Other reports and articles on philanthropy and patterns of giving considered issues such as volunteerism and ways to increase giving among younger people, which fall beyond the scope of this study.

#### 3.1 New Zealand

PNZ commissioned reports in 1996, 1998 and 2002 to measure philanthropic funding in New Zealand. As the most recent and comprehensive source of information, Robinson and Hanley's (2002) FNZ report remains widely cited, for example in the Office of the Community and Voluntary Sector's (OCVS) 2005 Briefing to the Incoming Minister.

The FNZ 2002 study focused on giving to the non-profit, non-government sector. It estimated total giving, excluding corporate donations and service fees at \$1.63 billion (approximately \$1.84 billion in 2006 dollars). This figure included local and central government funding to the non-profit non-government sector. If estimated corporate donations plus service fees were included, total giving would rise to \$3 billion (\$3.4 billion in 2006 dollars). A figure that is broadly comparable to the approach used in this study, which excludes government funding and business sponsorship, would be approximately \$814 million (in 2006 dollars).

Robinson and Hanley (2002) found that funding in New Zealand, philanthropy is strongly influenced by state intervention. The study estimated that central and local government accounted for 58 percent of funding to the non-profit sector in 2002. This conclusion has been supported by others, including Fries' (2001) analysis of charity in New Zealand, which suggested that through the early and mid-20th century, New Zealand's welfare state policies suppressed some private philanthropy "with the 'nationalisation' of some parts of the charitable sector". Tennant (2001) noted that social and political changes during the 1970s moved New Zealand towards a "mixed economy of welfare". These changes shifted the focus away from a welfare state and allowed a greater role for "private provision for social need".

New Zealand continues to have a large state component of welfare and service provision. The New Zealand government spent the equivalent of 22.5 percent of GDP on health, welfare and education in 2006.<sup>1</sup> It is difficult to estimate how much of this funding flows to philanthropic purposes or how much private funding is displaced by government spending, as Crown budget estimates and financial statements do not typically separately report funding for services and for grants.<sup>2</sup>

Other New Zealand research has focused on philanthropic giving behaviour or particular philanthropic organisations and their impact.

The PNZ 2003 Giving Behaviours and Attitudes Survey sought to find ways to increase giving by individuals, particularly of money and other assets, rather than of time. Recommendations included creating greater awareness of charities, educating the public about the option of adding bequests to charitable organisations to wills, and using non-pressuring methods to solicit giving. It also found that 93 percent of survey respondents had given to a non-profit organisation at least once within the last year. The research did not find significant differences in giving behaviour across income groups, but found differences by age and gender. Women were more likely to have given in the previous year, while younger respondents were less likely to have given. Overall, two-thirds of respondents felt no need to give more than their current level.

Barnes (2004) conducted an analysis for Trust Waikato that aimed to “analyse and assess the impact and effectiveness of organisations that community groups in Waikato can access for funding”. It compared the relative impact of Trust Waikato’s funding with six trusts and ‘other gaming trusts’ that fund community groups in the Waikato region. It did not deal with giving throughout New Zealand or focus on giving by organisations other than trusts.

The New Zealand Federation of Voluntary Welfare Organisations commissioned a report from PricewaterhouseCoopers in 2004 called Value Added By Voluntary Agencies: The VAVA Project. The project aimed to estimate the value of volunteer labour, in-kind giving and cash donations for 10 nationwide voluntary organisations. The report noted that the 10 participating organisations received cash donations of \$42.1 million. This figure appears to exclude government funding and include money from fundraising, grants, bequests, and other contributions. It is unclear, however, how fundraising was defined and whether it is consistent with this study’s definition of philanthropy.

The New Zealand media also provides a window to philanthropic funding. Media reports often provide detailed information on grantors, grants and recipients.<sup>3</sup> The majority of reports identified in this search focused on high profile grants from large grant making organisations.<sup>4</sup> As such, these reports do not provide a representative picture of the types and sources of giving in New Zealand. One report looked at recent research by John Randal and Richard Martin on people’s giving motives (The Dominion Post 22 February 2007).

### 3.2 Australia

The Giving Australia (2005) report focused on giving by individuals and businesses to non-profit organisations. It estimated giving of money and goods and services at around A\$11 billion per year, made up of A\$7.7 billion given by individuals (including A\$2 billion through “charity gambling”) and A\$3.3 billion by businesses. Of this A\$3.3 billion business giving, A\$2.2 billion was money, rather than goods or services. Giving through trusts and foundations was not reported as it was found to be negligible.

As for business giving, the Giving Australia report estimated that 58 percent was given as donations, 25 percent as sponsorship, and 17 percent as community business projects.

The study put Australia’s giving rate as a percentage of GDP at 0.68 percent. The report also noted that Canadian donations were equivalent to 0.46 percent, but the Australian and Canadian rates were well below the USA rate, at 1.6 percent.

### 3.3 Canada

The Statistics Canada (2003, revised 2005) National Survey of Nonprofit and Voluntary Organisations defined non-profit and voluntary organisations as “non-governmental...non-profit distributing...self-governing...voluntary...formally incorporated or

registered under specific legislation with provincial, territorial or federal governments”. The majority of the organisations included in the report focused on providing services within their own neighbourhood, town or area.

Revenues for these non-profit and voluntary organisations were estimated at C\$112 billion. This seemingly high figure includes transfers between the organisations studied (4 percent of the total) and, more significantly, the survey acknowledges that a very large part of the total funding comes from government (49 percent). The estimate also includes revenues for hospitals, colleges and universities. Gifts and donations were responsible for just 13 percent of total revenues. Within this 13 percent, almost two-thirds came from individuals. Excluding revenues for hospitals, colleges and universities, the percentage of income from individual gifts and donations rose for the remaining organisations to 17 percent.

The 2004 Canada Survey of Giving, Volunteering and Participating by Statistics Canada (2006) estimated individual giving to charitable or other non-profit organisations at C\$8.9 billion in 2004 (around C\$400 per person). A large proportion of this figure was provided to religious organisations (45 percent), followed by health organisations (14 percent) and social services groups (10 percent). The survey highlighted the fact that the top 10 percent of individual givers accounted for 62 percent of total individual giving.

### 3.4 United Kingdom

The National Council for Voluntary Organisations (2006) UK Giving 2005-06 report looked at individual charitable giving. It suggested annual donations per UK adult to be in the range of £180. Donations totalled £8.9 billion for the year under study, which equated to 0.9 per cent of GDP. Giving behaviour was similar to that found by the PNZ 2003 Giving Behaviours and Attitudes Survey in that the investigation found women and wealthier people tend to give more. Medical research received 19 percent of total donations, while religious organisations obtained 16 percent, and overseas causes received 13 percent. The report also indicated constant giving patterns over recent years.

### 3.5 United States

The Giving USA Foundation (2005) Giving USA 2004 report estimated total giving to charities to be around US\$248.5 billion, or 2.2 percent of GDP in 2004. This is substantially higher than the 1.6 percent figure used by the Giving Australia (2005) report. Income sources for charities included individuals at US\$188 billion (75 percent), foundations at \$29 billion (12 percent), bequests at US\$20 billion (8 percent), and corporations at US\$12 billion (5 percent).

Berkshire (2006) discusses attempts by various non-profit organisations to increase donations by younger generations. It cites a study by the Indiana University Center on Philanthropy, which estimated that only 53 percent of people born between 1961 and 1981 gave to charitable causes, compared with 75 percent of baby-boomers.

The report by the Corporation for National and Community Service (2006) showed that volunteering hit a 30year high in the USA in 2005. Substantial rises in volunteering occurred across the teenage, 45 to 64, and 65 and older agegroups.

### 3.6 Conclusion

While studies done in New Zealand have dealt with various aspects or sources of giving, none provide recent, comprehensive information or have used the strict definition of philanthropic giving on which this report is based. Overseas studies provide a benchmark to compare giving in New Zealand, as a percentage of GDP as well as proportions given by different sources.

## 4 Defining philanthropy

This section outlines the definition of philanthropy developed for this study. The definition captures the concept of philanthropy as well as providing a set of criteria for determining what the study should measure as philanthropic funding.

### 4.1 Key elements in defining philanthropy

Three elements are central to the concept of philanthropy. These are:

1. the source or nature of the resources;
2. the purpose of providing the resources; and,
3. the type of recipient.

The first element relates to the source or nature of the resources. Sources include individuals, businesses and other incorporated organisations. The nature of philanthropic resources includes money, goods or in-kind resources such as a person's labour or knowledge. This study focused on financial giving by trusts and foundations, individuals and businesses.

The second element is the purpose for which the resources were raised, and relates to the expectation of reciprocity. In practice, it is difficult to establish an individual or organisation's motivation for giving. A simple criterion could be that funds are given voluntarily. However, this would exclude statutory organisations whose funds are not necessarily raised voluntarily even though the organisation is set up expressly for the purpose of giving. Therefore, this study focuses on the act of giving, that is, the transfer of resources free of the expectation of reciprocity. Where necessary, the study uses a pragmatic approach to identify the purpose of the resources. For example, philanthropic giving should include voluntary donations and mandated funds where it is clear that the funds have been collected for the purpose of giving. This approach includes statutory organisations, but excludes tax-based transfers by central or local government as the funds were not raised expressly for the purposes of giving.

The third element is the recipient of a philanthropic act, which may be, for example, an individual, a charity or a community. Consistent with the focus on giving, the study excluded money received as a payment for services (referred to as fees-for-service) and transfers between family members (due to the difficulty in establishing whether the money was given without an expectation of reciprocity). The study included giving to individuals such as scholarship recipients (where the giver is not expected to derive direct financial benefit from any scholarly outputs), organisations such as cultural or sports clubs, and community, regional and national organisations established for charitable purposes.<sup>5</sup>

### 4.2 Philanthropy and payments to the non-profit sector

A further important issue is how to distinguish philanthropy from exchange-based payments to non-profit sector providers. The study definition distinguishes philanthropic funding and non-profit sector service revenue. By explicitly characterising what constitutes philanthropic funding, the contribution of the philanthropic sector can be teased apart from total non-profit sector funding. In particular, payments to non-profit organisations for services represent an exchange and therefore would not be included as philanthropic funding.

### 4.3 Government contributions

The question arises of how to deal with government contributions, such as government funding to the non-profit sector. Previous studies have included government funding in their estimates of total giving in New Zealand.

Government contributions are primarily raised coercively (for example, via taxation) or from fees for providing services. In addition, government contributions are often payments to an organisation (such as religious organisations) that provides both charity and services for fees. Therefore, while government provides funds to the non-profit sector, these payments are not considered as philanthropic for the purposes of the measurement study.

#### 4.4 The study's definition of philanthropy

This study used the following definition, which is based on the study's objectives and the key elements and issues above.

*Philanthropy is the act of giving financial resources to a cause that is intended to improve general human well-being, and where the giver expects no direct reciprocation or financial gain in return.*

This definition reflects the source, nature and purpose of a philanthropic act; the range of philanthropists in New Zealand; and the comparability and consistency of the measures. This definition recognises the significant role of mandated giving in New Zealand, for example, through statutory trusts.

The general nature of the giving in this definition rules out giving resources to a close relation, such as a family member, where norms (rather than legal obligations) coerce such giving and where reciprocity – although indeterminate in timing and nature – might be expected. The definition allows for giving to communities of interest, but does not focus directly on describing the recipients. It allows for giving to human endeavours, but also activities that improve human well-being such as protecting the environment.

The nature of the act of giving allows for funds to come from mandated sources, such as levies, but requires that the funds are raised for charitable purposes. Therefore, central and local government funding is excluded from this definition of philanthropy, as it is typically raised coercively and pays for services.

#### 4.5 Scope of measurement

This study looked solely at financial philanthropic giving. It excluded in-kind giving and volunteering.<sup>6</sup>

The study's primary objective was the identification of private giving by source category. The source categories are trusts, individuals and businesses. The study focused on giving by New Zealanders regardless of whether they give to New Zealand or overseas recipients. Based on this focus, the study aimed to exclude flows into New Zealand from foreign givers.

The study covered voluntary and mandated giving. The New Zealand government has significant influence over philanthropic funding through direct provision as well as the creation of funders and legal requirements. Statutory institutions include organisations such as The Canterbury Community Trust, the Rotorua Energy Charitable Trust and the Lottery Grants Board. There are also private organisations that have legal obligations to distribute funds to the community including gaming societies and licensing trusts, such as Trust House Limited or the Invercargill Licensing Trust. This report separates voluntary philanthropy from philanthropy by institutions with an explicit statutory or legal imperative to give.<sup>7</sup>



The following table outlines the categories and subcategories of giving included in this study.

*Table 1 Classification of sources of philanthropy*

<b>I. Trust- and foundation-based giving</b>
Voluntary
Family and individual trusts
Universities and other tertiary education institutions
Statutory
Community trusts
Energy trusts
Licensing trusts
Gaming machine societies
Lottery Grants Board
<b>2. Personal giving</b>
Donations
Bequests
<b>3. Business and corporate giving</b>

The study scope excluded local and central government spending. It is difficult to establish whether central or local government funds are raised expressly for the purposes of giving. A second, practical issue is that government financial information does not always clearly differentiate between funding non-profit and for-profit organisations. Therefore, it is difficult to determine what funds are given to non-profit organisations, what proportion of these funds are granted and what proportion is to purchase services. While government funding is part of the wider non-profit sector's income, it is not considered as philanthropic for the purposes of the measurement study for conceptual and practical reasons.

One challenge for this research was to choose a suitable criterion to determine whether funding was philanthropic or given in expectation of reciprocation. This report draws on an Inland Revenue Department (IRD) concept of a 'circle of membership' as a criterion to determine a person or an organisation's aims (IRD 2000).<sup>8</sup> This concept defines a member as someone "who can influence or affect the activities of the organisation. Persons may have to pay a fee or subscription, undergo an initiation ceremony, or have certain qualifications to become a member." One implication of this criterion is that money given by an organisation member as a membership fee, or in expectation of receiving goods or services, is excluded from the study. A second implication is that where money is given to another member within the same circle, this money should be excluded. An exception is where money is clearly transferred to another member for philanthropic purposes. For example, giving by community trusts to a community member is included as philanthropic funding in this study.

A related issue that has particular significance for New Zealand is the treatment of koha, a form of cultural giving by Māori. The OCVS found there was varying opinion about the obligations associated with koha.<sup>9</sup> It found, however, that the general opinion is that koha is a duty and there is an obligation of reciprocity. This would exclude koha from the definition of philanthropic giving in this analysis.

A further argument is that koha is often provided by the community, to be used within the community. This can be likened to membership- and subscription-based giving, which is excluded from the analysis unless it is clearly intended as philanthropic giving. Therefore, although koha is likely to be a significant amount and, in many cases, it may be considered as giving, koha is excluded from this analysis.

#### 4.6 Secondary research objective

A secondary objective is to determine the recipients of philanthropy. In order to facilitate comparison with future work planned for New Zealand, the following table lists 12 activity categories that philanthropy may support.<sup>10</sup> These categories correspond to the top level categories planned for the Study of the New Zealand Non-profit Sector.<sup>11</sup>

*Table 2 Activity categories for recipients of philanthropy*

Recipient Categories	
• Culture and recreation	• Civic and advocacy
• Education and research	• Philanthropic intermediaries
• Health	• International
• Social services	• Religious congregations
• Environment	• Business and professional, unions
• Development and housing	• Other

## 5 Method: measuring philanthropy

The following section documents the methods BERL used to collate and collect data for this study.

The study aimed to collect and collate data:

- for the most recent financial year available for each source;
- categorised by the source of the philanthropic giving and the types of recipient;
- in constant dollar terms (using 2006 dollars).

The majority of data collected from the sources outlined below related to financial years ending 31 March 2006 or 30 June 2006. Less than 5 percent of the data for which only a single source was available related to a year ending in 2004. Where necessary, data were inflated to 2006 dollar terms using GDP deflators.

The study also sought to use measures that were routinely available. Such measures would facilitate updates of this study to develop a picture of giving over time. Where routine data sources were not available, BERL collected data directly from grantmakers and grant recipients. Where possible, BERL aimed to develop tools that would collect information that can be compared to routine datasets currently being developed in New Zealand. By collecting data in a consistent fashion this study may contribute to measuring New Zealanders' giving behaviour over time.

Sections 6 to 8 and Appendix 2 provide detailed explanations of how the study estimates were calculated.

### 5.1 Trust- and foundation-based giving

#### Voluntary trusts

Data were collected from voluntary trusts through a survey conducted by BERL<sup>12</sup> and from the Funding Information Service (FIS). As both data sources contained organisation names, we could identify where an organisation appeared in both sources. To avoid double counting (that is, using data from two sources that may relate to the same giving) the survey data, which were collected with protocols designed specifically for this study, were used in preference to the FIS data where duplicates were found.

This category includes organisations such as the G Trust, The Fletcher Trust and the Wayne Francis Charitable Trust.

#### Universities and other tertiary education institutions

The FIS provides a record of giving to universities and other tertiary education institutions. The database had information from 25 institutions, such as Victoria University of Wellington, Tai Poutini Polytechnic and the New Zealand Vice Chancellors' Committee.

The database did not always distinguish between corporate scholarships and scholarships funded from the institutions own trust funds. Funds that were clearly from a corporate source are excluded from this section, as corporate giving is analysed separately.

#### Trustee administration companies

Data were collected on three trustee administration companies, with two companies providing the researchers information specifically for this study.<sup>13</sup> These companies are responsible for managing private trusts, some of which make philanthropic distributions.

The estimated total distributions from trustee administration companies do not capture all philanthropic funding from these sources. First, some philanthropic trusts do not explicitly distribute funds to individuals and other organisations. Rather, their revenue is used to subsidise their own activities. This represents a form of in-kind philanthropy as their services may be provided at

a below market, or zero, price. For example, some educational trusts do not distribute their revenue, but instead use it to offset their costs or to take on students at subsidised fees.

Distributions to individual members of a family trust are also excluded. In such cases, it is not clear that the distribution is made for philanthropic purposes and is free of an expectation of reciprocity. Distributions from charitable trusts to people that are not members are included.

## **Community trusts**

Data were collected from community trusts through the study survey conducted by BERL.<sup>14</sup> This was used as the primary information source. This source was complemented by a comparative analysis of financial performance prepared by one of the community trusts.

The community trusts analysed in this category include organisations such as the Eastern & Central Community Trust, the Whanganui Community Foundation and The Community Trust of Wellington.

## **Energy trusts**

First, a list of energy trusts was compiled. Annual reports for all the trusts or, when reports for the trusts were unavailable, for the energy companies to which they were linked, were collected. In addition, some energy trusts completed BERL's survey of grantmakers. These figures were compared with those from the annual reports to produce the results used in this report.

One issue relating to philanthropic funding by energy trusts is that not all energy trusts explicitly make charitable donations. Although the distribution method differs, energy trusts have distribution mandates stemming from the legislation restructuring the electricity supply authorities. The different approaches reflect the discretion the legislation granted the supply authorities in determining their ownership and governance arrangements (McKinlay 2001). Trusts such as the Central Lakes Trust and the Tauranga Energy Community Trust and Charitable Trust explicitly grant to their communities. Other organisations distribute to their beneficiaries, such as the County Power Consumer Trust which distributes to named consumers of the associated energy ('lines') company.

## **Licensing trusts**

Licensing trusts are non-profit organisations that have the exclusive right to sell liquor in a defined geographic district under the Sale of Liquor Act 1989. Licensing trusts are permitted, under the Act, to distribute profits to its community for philanthropic purposes. This category includes organisations such as the Oamaru Licensing Trust, the Mātaura Licensing Trust and the Waitakere Licensing Trust.

Data were collected directly from some trusts by telephone and from annual reports. Information was also gathered from The Trusts Charitable Foundation on the operations of licensing trusts (including information on gaming machine operations on licensing trust premises).

An issue for this study was that licensing trust operations tend to have gaming machines from which distributions may be made to the community. To avoid double counting as gaming machine information is estimated from a different source, trusts were asked to separately identify what they had returned to their communities from their non-gaming machine operating surpluses and from gaming machine revenues. This disaggregated level of information was unavailable in the FIS database, so information on one trust for which information was otherwise unavailable could not be used. The database showed that trust had distributions of \$11,600 for the year, which is small relative to the average distribution. Its omission ensures data consistency and improves accuracy of the study figures.

## Gaming machine societies

Class 4 gaming machine operators outside of a casino are licensed under the Gambling Act 2003, and must be incorporated as societies. A Class 4 gaming machine society is a non-profit organisation, and may be a charitable trust. These societies include organisations such as The Lion Foundation, New Zealand Community Trust and The Trusts Charitable Foundation (which receive proceeds from machines operated on their behalf in venues such as bars, pubs and some TAB outlets). This category also includes sports and private clubs, such as working men's clubs, cosmopolitan clubs and RSAs, that have been licensed to operate gaming machines on their own premises to raise funds for the club and its members to use.

Gaming machine societies are required to distribute (net) profits from the gaming machines to authorised purposes.<sup>15</sup> There are two main organisation types that may distribute net profits: clubs and corporate societies. A club forms its own community group and may apply gaming machine proceeds to its own activities as an authorised purpose, that is, its own internal activities. In contrast, a corporate society is a business entity that distributes net proceeds to the authorised purposes of other groups, that is, it grants to external individuals or organisations for authorised purposes.

The distributions from club venues tend to be used directly by the club for administration or activities related to the club.<sup>16</sup> Therefore, club distributions are not included in this study as funding to recipients within a circle of membership does not fit within the study definition of philanthropy. Profits from gaming revenue in non-club societies are generally redistributed to the community. It is this portion that is consistent with the study definition and is included as philanthropic giving.

Grants to community organisations for authorised purposes from gaming societies are a significant source of giving in New Zealand. While gaming expenditure data are collected by the Department of Internal Affairs (DIA), there is no official source that identifies the level of gaming revenue redistributed to the community.

This report's estimate is based on an ongoing survey undertaken by the Charity Gaming Association (CGA) of its membership base. The latest survey provides results for the year from July 2005 to June 2006. The CGA survey covers 17 trusts, which account for around 70 percent of all non-club based gaming machines. The survey results have then been extrapolated to estimate the level of distributed funds for the non-club population based on the total number of machines operated by non-club organisations.

The DIA is currently finalising a survey of gaming profit distributions to determine the levels of giving. This is an update of an earlier survey in 2000.<sup>17</sup> The latest survey will identify the total levels of giving by society type as well as the regional and activity split of distributions during the 2005 calendar year. We intended to incorporate the DIA survey results in this report. Unfortunately the survey results were delayed and are unlikely to be available until March 2007 at the earliest. In addition the CGA estimates provide more up-to-date information by covering the financial year to June 2006. When the DIA survey is released, however, it is likely to provide the most accurate picture of total giving in the gaming sector as well as where (region) and to whom (activity).

## Lottery grants

Each year the New Zealand Lotteries Commission transfers funding to the New Zealand Lottery Grants Board (NZLGB) to distribute to the community. The Lottery Grants Board distributes community funding through a range of national, regional and activity based committees. It also transfers funding to three statutory bodies (Creative New Zealand, Sport and Recreation New Zealand, and Film New Zealand) which then redistribute funds within their sphere of activity/interest.

Lottery grants only make up a portion of the grants given out by these statutory bodies, with central government the other main source of funding. As we are not including central government funding we only include the lottery grant component in the final analysis. However, we discuss total giving by each statutory body to provide a complete picture of giving.

Data were collected from annual reports, which are required under the Public Finance Act 1989. These annual reports are publicly available.

## 5.2 Personal giving

### Donations

Donations information was obtained from a number of sources, including a random sample survey of grant recipients undertaken by BERL, a random sample of charities' annual reports held by the J R MacKenzie Trust and the ASB Community Trust, as well as various major charity annual reports gathered via the internet or requested directly from the charitable organisations.

Using the random sample source of information as a base from which to work, an approximation of the proportion of charities within each pre-determined revenue band was established.

The figure for the total number of active charities in New Zealand was calculated by eliminating charities which had invalid addresses, those which were exclusively grantmakers rather than recipients, and statutory trusts. The figures for personal donations to charities in our sample were then extrapolated for the population of charities.

Unfortunately, as a result of a sample which had a disproportionate number of high-revenue charities and a limited representation of mid-revenue charities, a number of upper-end outliers were observed. Eliminating these resulted in a probable underestimate of individual donations. This was the case even after adding observed outlier values to the estimated donation value, which removed the outliers during the estimation process.

Actual individual giving is more likely to be slightly above the figure given by the IRD, as discussed in the section on personal giving.

### Bequests

Two major estate administrators assisted in the estimation of the contribution of bequests to total personal giving.

The first step was to estimate the percentage of administered estates that leave bequests to charitable organisations.

The next question was what proportion of a bequest-making estate was given to charitable purposes. This was calculated based on the figures supplied by the estate administration trusts.

Next, a weighted average was calculated to determine the number of wills on a national basis that were likely to follow the giving patterns shown by figures from each trust involved in the study.

Finally, an estimate of the number of estates leaving bequests and the proportions of each of these estates given to charitable organisations was used to determine an approximate total for giving by bequest for the whole of New Zealand. This made use of Ministry of Justice (MoJ) figures for the total number of applications for administration of estates received in 2006.

### 5.3 Business and corporate giving

Information on corporate giving was collected from a number of sources. These included corporate annual reports, the FIS databases and a random sample of charitable organisations' annual reports. Care was taken to eliminate double-counting which may have been caused by counting corporate contributions from both grantmakers and recipients.

After collating the information from various sources, businesses were divided into revenue bands, which allowed them to be compared with figures provided by the Ministry of Economic Development (MED) on the total number of businesses in New Zealand. Figures were extrapolated from the sample to a national total for corporate giving.

Due to the small sample size at the low end of the revenue spectrum, the estimate focuses on high-revenue companies, for which the sample was likely to be representative of the population. After using charities' annual reports to approximate the proportion of corporate giving that falls under the sponsorship category (which is excluded in this report's definition of philanthropy), a final estimate of corporate philanthropic giving was calculated.

### 5.4 Caveats

A number of issues affect how this report should be interpreted. These issues relate to the study's definition of philanthropic funding, the focus of the study, and how to collect and analyse data from multiple sources in order to accurately measure philanthropic funding.

The definition of philanthropy used in this study was developed to meet specific aims, in particular to measure money given to support causes for the betterment of humankind. Therefore the study aimed to measure philanthropy, such as scholarships and environmental protection efforts, but it excluded a number of aspects of philanthropy such as volunteering and in-kind donations.

A second aim of the study was to take a snapshot of giving for a single year ending in 2005 or 2006. As data were collected from a range of organisations it was not possible to ensure that the data corresponded to an exact calendar year. Rather the information relates to the latest financial year that ended in 2005 or 2006. To ensure that money values could be meaningfully combined, data for years ending before 30 June 2005 were inflated to 2006 dollars. A second issue relating to using a snapshot measure is that this work only provides one part of a broader picture of typical giving behaviour across time. For example, during the data collection process the researchers noted a number of specific appeals and donations relating to the tsunami on Boxing Day 2004. While responses to the tsunami raised the profile of philanthropic giving, a snapshot measure cannot independently identify whether this event led to a change in the level of giving, the mix of giving or both. Tsunami-related giving, however, means the 2005/2006 snapshot includes both 'typical' giving as well as New Zealanders' response to a major, atypical event.

In addition to the definitional issues above, how the study has collected and analysed the data affects how the study results should be interpreted. As there is no single, comprehensive source of information on philanthropic funding in New Zealand, the study collected data from a wide range of sources. The results should be read in light of the steps taken to draw these sources together to produce an accurate measure of giving.

The study endeavoured to avoid double counting first by determining whether information from different sources related to different givers. Where it was clear that two sources related different givers the two sources could be combined. In cases where there were possible overlaps only a single source was used. This approach is conservative, however, as not all giving in the disregarded source may have been captured in the source that was used.

A second step was to collect data from a range of sources to capture the range of ways New Zealanders make philanthropic contributions. BERL believes it has identified the majority of information sources by working with PNZ and Statistics New Zealand, in addition to analysing the existing, limited research available on philanthropy in New Zealand. One area that the study may not have thoroughly captured is money that individuals give directly to overseas recipients. However, the study did collect information on giving to overseas recipients via charities (including through street and mail appeals). In addition, it is possible that the IRD donation rebate data will include information for New Zealanders that gave to overseas recipients and could provide receipts on those donations.

The study took a number of steps in designing, implementing and analysing a survey of grantmakers and grant recipients. The study used a purposive and a random sample for the survey. The purposive sample intentionally collected information from major grantmakers to capture information on substantial philanthropic funders which were readily identified and may have been under-sampled in a random sample. Information on major grantmakers was complemented by a random sample of grantmakers and grant recipients. A random sample of sufficient size should, on average, provide responses that represent the characteristics of the whole population. The response rate for the purposive sample was high, and the number of responses was sufficient for some subgroup analysis. The response rate for the random sample, however, was lower than expected. Therefore the results should be interpreted carefully as indicative of giving in the population as a whole rather than statistically representative.

The study also aimed to collect information on personal giving. Again, as no single comprehensive source captures all personal giving, BERL has examined multiple sources. The estimate used in this report, is likely to be conservative as it may undercount very small (less than \$5) donations by the public and very large donations by high net worth individuals.

The next three sections of this report deal with giving by the various types of trusts and foundations, individuals and businesses. Each section outlines an estimate of giving from each source, a range for estimated figures that the true value is likely to lie within, and background information from secondary data sources. Section 10 summarises the source information in the next three sections to provide a picture of total philanthropic funding in New Zealand during the 2005/2006 year.



## 6 Trust- and foundation-based giving

This section considers giving by voluntary trusts and foundations, and independent statutory organisations, which have an explicit statutory or legal imperative to give. Voluntary trusts include philanthropic giving by family or individual trusts, charitable distributions from private trusts administered by trustee companies and from university trust funds.

The main statutory organisations covered in the study are community trusts<sup>18</sup>, energy trusts<sup>19</sup>, licensing trusts<sup>20</sup>, gaming machine operators and trusts<sup>21</sup>, and the Lottery Grants Board<sup>22</sup>. The study also identified giving by an additional statutory organisation with a mandate to hold assets in trust from which it makes some philanthropic distributions.<sup>23</sup>

Table 3 provides a breakdown of estimated giving by trusts and foundations.

*Table 3 Giving by trusts and foundations*

Source of giving	Estimated giving
Voluntary	
Family and individual trusts	\$115,505,000
Universities and other tertiary education institutions	\$9,207,000
Statutory	
Community trusts	\$111,832,000
Energy trusts	\$116,304,000
Licensing trusts	\$6,360,000
Gaming machine societies	\$272,000,000
Lottery Grants Board	\$110,937,000
<b>Total</b>	<b>\$742,145,000</b>

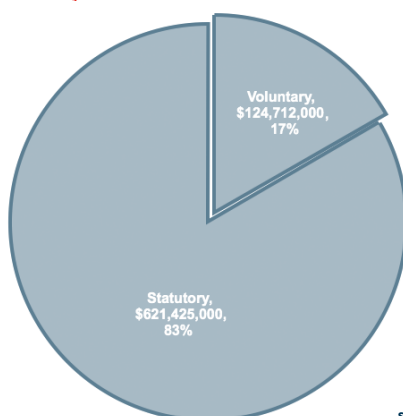
source: BERL

Total estimated giving by trusts and foundations was \$742 million. Voluntary trusts and foundations, including universities, are estimated to have given just under \$125 million to philanthropic causes, while statutory organisations gave over \$617 million. Apart from the estimate for family and individual trusts that are not PNZ members, these figures are based on recorded giving from specific organisations.

Figure 1 presents estimated total giving for particular types of trusts and foundations where information was available from only a subset of those organisation types. The estimates are based on observed giving and are discussed in more detail below.

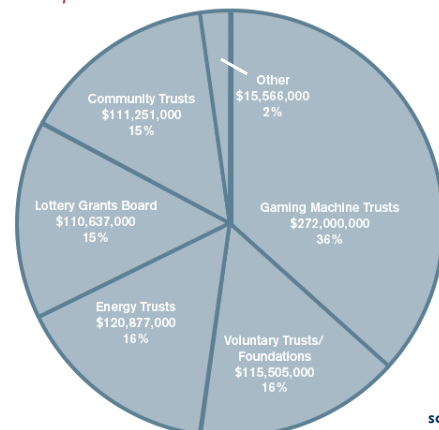
*Figure 1 Giving by trust types*

*Voluntary/statutory split of philanthropic giving by trusts and foundations in New Zealand 2006*



source: BERL

*Philanthropic giving by trusts and foundations in New Zealand 2006*



source: BERL

## 6.1 Voluntary trusts and foundations

Estimated giving by all voluntary trusts, excluding universities which are analysed separately below, is approximately \$116 million. Estimated giving by voluntary trusts is between \$114 million and \$117 million, at a 95 percent confidence level.

Voluntary trusts include family/iwi and individual trusts or foundations, such as the Ngai Tahu Fund and the Tindall Foundation<sup>24</sup>. Recorded giving by these organisations was comprised of the following elements.

- A sample of 44 PNZ member voluntary trusts gave a total of \$45.8 million.
- The random sample survey included responses from 50 voluntary grantmakers. These grantmakers gave a total of \$2.64 million.
- In addition to these grantmakers, information from the FIS and trustee administration companies showed an additional \$ 23.9 million of giving by approximately 620 voluntary trusts.<sup>25</sup>

On average, PNZ member voluntary trusts distributed 5.0 percent of their capital assets, while grantmakers from the random sample who responded distributed a lower proportion of 3.4 percent. The seven largest PNZ member voluntary trusts, which granted over \$1 million each, accounted for just under 82 percent of distributions by such trusts. The four largest non-PNZ voluntary trusts from the study survey, which granted over \$100,000 each, accounted for just over 64 percent of distributions by such trusts.

Estimated giving by voluntary trusts was based on recorded giving by voluntary trusts in the random sample survey. Total estimated giving comprises funds from PNZ member voluntary trusts of \$45.8 million plus estimated giving by non-PNZ voluntary trusts of \$69.7 million.

## 6.2 Universities and other tertiary education institutions

Giving through universities, polytechnics and other tertiary education institutions totalled \$9.21 million as recorded by the FIS. This figure covered a total of 787 scholarships, bursaries or grants. This equates to an average of approximately \$11,700 per grant.

The FIS database figure includes a number of company scholarships administered by universities. Where possible, corporate scholarships have been identified and excluded from this section. Some corporate funded scholarships channelled through universities may be misclassified as university funded scholarships. However, we do not believe this is common so double counting is unlikely to be a significant issue.

## 6.3 Community trusts

Community trusts reported granting just under \$112 million in their latest financial year. Community trusts are some of the biggest individual funders of philanthropy in New Zealand. For example, the ASB Community Trust granted approximately \$56.6 million in the last year. The Community Trust of Southland donated almost \$72 for every person in its region, which is almost 80 percent of the average estimated per capita donation.

Data were collected on all 12 community trusts, with information for 10 community trusts coming from the study survey, one from its annual financial statements and one from a comparative financial analysis prepared by one of the community trusts.

Capital assets were \$2.81 billion for the 12 community trusts. These trusts granted 4.0 percent of the capital assets over the study period.

## 6.4 Energy trusts

BERL combined information available directly from energy trusts with dividend information from energy companies for which trust information was not directly available. This yielded a total of almost \$116 million.

Energy trusts are statutory bodies responsible for distributing dividends to owners or, typically, to community projects. Information was collected on 19 energy trusts and on seven energy companies associated with energy trusts for which trust figures were not available. These energy companies reported distribution of dividends to “owners” – usually residents of the area in which the energy company operates.

The survey and annual reports showed 19 of the energy trusts had total assets of \$4.6 billion and the seven energy companies had assets of \$731 million. Energy trusts granted 8.9 percent of their revenue on average and 2.5 percent of their capital assets. Energy companies distributed 4.5 percent of their revenue to their owners and 1.6 percent of their capital assets.<sup>26</sup> These rates suggest that using energy company information where trust information was unavailable is likely to be conservative. Energy trusts may also distribute from returns on trust funds as well as dividends from the energy companies.

## 6.5 Licensing trusts

Giving for the 12 licensing trusts for which information was available totalled just under \$6.4 million in the latest financial year.

Schedule 3 of the Sale of Liquor Act (1989) lists 23 existing licensing trusts, although there have been up to 28 trusts. The researchers established that nine of the twenty eight trusts are no longer trading, leaving 19 trading trusts. Information was gathered for 12 of the 19 operating licensing trusts. Of these 12, seven made distributions to the community from their operating surplus, while the rest reinvested their surplus in their operations or made operating losses.

This represents an average of \$909,000 per annum per trust that made a distribution, or \$530,000 for all 12 trusts including those that made no distribution. Given the wide variation in the responses (which had a standard deviation of \$1.07 million), we have not included an estimate of total giving through licensing trusts – that is, an extrapolation for the remaining seven trusts for which no information was available. If all 19 trading trusts were to give the sample average, the total would equate to \$10.1 million.<sup>27</sup>

The 12 licensing trusts also provided information on how much they distributed to their communities from their gaming machine operations. The trusts distributed a total of \$29.4 million, of which \$23.1 million was from gaming machine operations.<sup>28</sup> This indicates that licensing trust operations provide around one fifth (21.6 percent) of a trust’s community distributions on average.

## 6.6 Gaming machine societies

For the year to June 2006, almost \$272 million is estimated to have been returned to the community by non-club gaming machine societies.<sup>29</sup> This estimate is based on an ongoing survey undertaken by the CGA of its membership base, which is extrapolated from its members to the entire population of such societies.

The estimate of \$272 million for the year to June 2006 is likely to be conservative. Similar CGA estimates for the 2005 calendar year indicated non-club societies distributed around \$302 million to the community.<sup>30</sup> Therefore, the total that non-club gaming machine societies distributed in the 2005/2006 year is likely to have been between \$272 million and \$302 million.

As at 30 June 2006, there were 496 organisations that operated gaming machines. Non-club societies accounted for around 15 percent of the number of organisations. However, they accounted for 79 percent of the 20,700 machines in the country and 75 percent of the 1,700 gaming venues.

The DIA publishes information on the expenditure on gaming machines, the number of organisations that maintain gaming machines, and the number of gaming machines. In the year to June 2006, \$906 million was spent on non-casino gaming machines (including clubs) in New Zealand, and \$730 million of this was generated by non-club societies. This suggests that around 37 percent of expenditure on gaming machines run by non-club societies was distributed to the community in the form of grants for authorised purposes.<sup>31</sup> This is consistent with the minimum distribution requirement of 37.12 percent set by the Gambling Act 2003 for non-club Class 4 corporate societies.

The larger, national trusts publish their distributions quarterly. An analysis of seven of the larger trusts found that they distributed around \$167 million in the year to June 2006. This data can also be broken down by region and by activity. However, based on time constraints, the primary research focus on estimating the source of philanthropic funding, and the fact that the data only covered seven of the 73 societies, we have not undertaken a regional and activity split. In addition, a significantly more accurate analysis may be available in March 2007 through the DIA survey.

An earlier survey in 2000<sup>32</sup> found that from a total of \$450 million spent on gaming machines, \$151 million was distributed. This suggests around 34 percent of expenditure is returned to the community. Survey respondents indicated around \$111 million of the amount given was returned to the community through non-club societies and trusts.<sup>33</sup> The survey also provided a regional and activity split. An extrapolation of this survey using 2006 information suggested giving by non-clubs of around \$271 million. This tends to corroborate the findings from the CGA survey above.

As for trends in gaming revenue, gaming revenue increased steadily from around \$110 million in 1991, peaking in 2004 at just over \$1 billion. Changes in regulation as well as social perceptions and attitudes saw revenues fall in 2005 and 2006. Such changes are likely to have reduced community distributions compared to the 2004 peak.

## 6.7 Lottery grants

In the year to June 2006, the New Zealand Lotteries Commission allocated \$110.9 million to the (NZLGB).<sup>34</sup> From this, the NZLGB approved grants of \$55.4 million through its internal committees. A further \$55.5 million was distributed to three statutory bodies. Creative New Zealand received \$18.6 million, Sport and Recreation New Zealand received \$28.2 million, and the New Zealand Film Commission received \$8.7 million.

The grants allocated to the three statutory bodies are combined with other funding (largely central government but also some private bequests) and operational income, and then redistributed as grants. In 2006, the three statutory bodies distributed around \$106.6 million. Lottery grants accounted for \$55.5 million of this. As the remainder of the funding tended to come from central government and other grantmakers (who we have already captured in other sections), only the portion from the lottery grants is included in the total. However, we discuss the total level of giving from these organisations to provide a fuller picture of giving.

### New Zealand Lottery Grants Board

The NZLGB is a Crown entity whose role is to determine the proportions in which the profits of New Zealand Lotteries are allocated for distribution. After distributions to the three statutory entities, the NZLGB had an available pool for the 2006 year of around \$57.0 million. Over the year the NZLGB approved funding of \$55.4 million.

The NZLGB distributes funding through a number of committees broken into three main groups and the Minister's Fund. The funding approved through the various committees were: community based (\$17.5 million); region based (\$17.4 million); activity based (\$20.2 million) and the Minister's Fund (\$262,400).

## Creative New Zealand

Creative New Zealand was established under the Arts Council of New Zealand Toi Aotearoa Act 1994 to develop the arts in New Zealand. Creative New Zealand receives funding from a range of sources. In the year to June 2006, the NZLGB provided \$18.6 million (50 percent), central government provided \$17.3 million (47 percent), and the remaining \$1.0 million came from smaller bequests and private trusts/organisations and own activities.

In the year to June 2006, Creative New Zealand provided grants totalling \$23.4 million. The funding was distributed through six main areas. These were: Recurrently Funded Organisations (\$14.5 million); Authors Fund (\$1.5 million); Arts Board Grants (\$5.4 million), Te Waka Toi (\$1.1 million), Pacific Arts Committee (\$0.3 million) and Screen Innovation Production Fund (\$0.5 million).

As discussed earlier, only the portion provided by the NZLGB of \$18.6 million has been counted in the aggregate level of giving.

## Sport and Recreation New Zealand

Sport and Recreation New Zealand (SPARC) is a Crown entity charged under the Sport and Recreation New Zealand Act 2002 with promoting, encouraging, and supporting physical recreation and sport in New Zealand. The majority of SPARC's funding comes from central government, which contributes around 55 percent of their total income. The NZLGB contributes a further 35 percent, with the remainder coming from contract revenue (8 percent) and other sources.

In the year to June 2006, SPARC gave out grants totalling \$60.2 million. Grants were given to a number of sporting organisations. Grants were also provided to local authorities, individuals, and schools as well as to support the Rugby World Cup 2011 bid. The majority of grant funding went to sport governing bodies (\$27.4m, 45 percent). The other major recipients of funding were regional sports trusts, which received \$12.8 million (21 percent).

As discussed earlier, only the portion provided by the NZLGB of \$28.2 million has been counted in the aggregate level of giving.

## New Zealand Film Commission

The New Zealand Film Commission (NZFC) was established in 1978 by an Act of the New Zealand Parliament and has the statutory responsibility "to encourage and participate and assist in the making, promotion, distribution and exhibition of films" made in New Zealand by New Zealanders on New Zealand subjects. The NZFC provides loans and equity financing to New Zealand film-makers to assist in the development and production of feature films and short films being made in New Zealand, but does not produce films itself. The Film Commission is also active in the sales and marketing of New Zealand films, and it assists with training and professional development within the industry.

In the year to June 2006, the NZFC received income of \$22.5 million. Of this, \$8.1 million was from the NZLGB and a further \$10.9 million was from central government.

In the year to June 2006, the NZFC had expenditure of \$26.6 million of which grants accounted for \$22.9 million. However, as discussed earlier, only the portion provided by the NZLGB of \$8.1 million has been counted in the aggregate level of giving.

Note that a further \$600,000 of NZLGB funding went to the New Zealand Film Archive for the collection and preservation of New Zealand's film heritage. This has been included in the aggregate level of giving.

## 7 Personal giving

This section examines personal giving through donations, including street and mail appeals, and bequests or legacies.

*Table 4 Total personal giving*

Donations	\$367,884,000
Bequests	\$74,915,000
<b>Total personal giving</b>	<b>\$442,799,000</b>

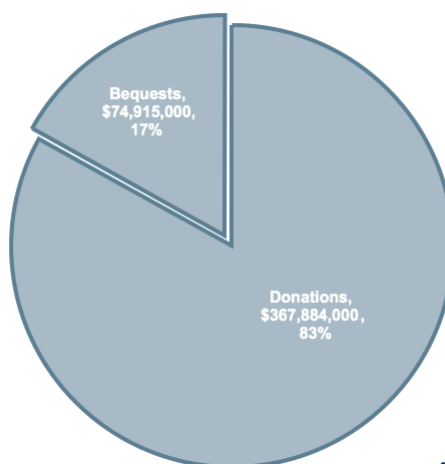
source: BERL

Table 4 shows estimated total giving by individuals of \$443 million. Almost \$368 million (five sixths) is estimated to have come through donations, while a further \$74.9 million (one sixth) was given through philanthropic bequests and legacies.

Figure 2 is based on Table 4 and shows the share of estimated personal giving by method.

*Figure 2 Personal giving*

*Personal giving by method in New Zealand 2006*



source: BERL

### 7.1 Donations

Donations are estimated based on IRD figures at \$368 million. This is equal to \$91 per New Zealander, based on New Zealand's population at the 2006 census. However, this is likely to be a conservative estimate for reasons outlined below.

BERL researchers independently estimated total personal giving at \$237 million per year based on results from the study survey. This figure is likely to be significantly below the real figure, based on other available estimates of individual giving. Therefore the reported estimate is based on IRD figures rather than the study survey estimate.

Statistics New Zealand's Household Economic Survey (HES) estimated total personal giving at \$291 million. However, sampling error means that, at the 95% confidence level, personal giving could range from \$185 million to \$364 million.

### HES

The HES lists several categories of expenditure by households that could contain the majority of philanthropic giving. These include social clubs; sports clubs; political parties; community service clubs; welfare groups; conservation societies; cultural societies; animal clubs and societies; charitable, church or civic organisations; personal interest groups; subscriptions and donations to leisure organisations; and subscriptions and donations not otherwise defined.

The problem here is determining whether giving to these various categories is philanthropic, in line with the study definition, or whether financial support is given in the expectation of direct reciprocation or financial gain.

Excluding categories that are likely to include substantial non-philanthropic giving leaves welfare groups, conservation societies, charitable, church or civic organisations and personal interest groups, although even these categories might contain sizable non-philanthropic donations.

Based on these four categories, the HES estimated individual giving of \$275 million a year in 2004 (\$291 million in 2006 figures). Unfortunately, considering the small sample size and the likely under-reporting by participants<sup>35</sup>, there is uncertainty regarding the accuracy of this figure. The HES allows for a range of \$186 million to \$364 million at the 95 percent confidence level.

## IRD

IRD offers a tax rebate on any documented donations to charitable organisations over \$5, up to a maximum rebate of \$630 per year (increased from \$500 a year in 2003). The rebate is calculated as one-third of actual donations made. Therefore, the maximum donation on which a rebate can be claimed is \$1,890.

IRD estimated a figure for 2005 of \$358.1 million (\$368 million in 2006 dollars).<sup>36</sup> This is equivalent to donations of approximately \$90 per New Zealander.

The accuracy of this figure is hindered by two issues. Firstly, it is likely to exclude small or repetitive giving. Claims may only be made on donations over a certain size (\$5), and for which receipts have been issued. This immediately excludes any small donations given, for example, at street appeals by passers-by. Further, as IR5 personal tax forms are no longer compulsory it is possible that people eligible for rebates fail to claim rebates for which they are eligible. In addition, IRD information is likely to undercount tithing to religious organisations, as this tends to be done on a regular basis, and again, receipts are not issued as general practice.

Secondly, the IRD figure may exclude very large donations or additional donations above the maximum rebate. The maximum possible rebate which can be claimed currently stands at \$630 per year, or one-third of a claim of up to \$1,890. This maximum gives taxpayers little incentive to report large or additional donations that exceed the maximum rebate in any year. In 2005, 66,117 individuals claimed the full \$630 rebate. Additional, unreported donations, could affect overall individual giving. For example, in 2005 New Zealand entrepreneur Owen Glenn committed to giving \$7.5 million over five years to assist the Auckland University Business School.

Very large donations raise a methodological issue. Such large donations are often for capital expenditure such as a building project, like the Auckland Museum dome currently under construction. Although capital expenditure is recorded in a particular year, it will deliver benefits across many years. Therefore, large donations for lumpy capital expenditure may over-estimate a philanthropist's true intentions. Apportioning large donations across multiple years to recognise this, however, goes beyond the scope of, and data available to, this snapshot study.

## BERL survey analysis

Our analysis involved 445 grant recipients, from which we aimed to extrapolate a figure for total personal giving for the population.

As our sample was not purely random, it was not possible to use the entire sample to extrapolate to the whole population. Instead, we focused on the purely random part of our sample, involving 106 recipients of philanthropic giving.

Of these grant recipients, 86 could be classified into revenue bands, as shown in Table 5. This provides a picture of how receipts from personal donations differ by organisation size.

*Table 5 Random sample personal giving receipts by revenue band*

Revenue band	Random sample number	% Of recipients	Total observed receipts
\$0 - \$10,000	26	30.2	\$8,000
\$10,000 - \$50,000	23	26.7	\$103,000
\$50,000 - \$100,000	10	11.6	\$204,000
\$100,000 - \$250,000	5	5.8	\$51,000
\$250,000 - \$500,000	11	12.8	\$1,402,000
\$500,000 - \$1,000,000	3	3.5	\$743,000
\$1,000,000 +	8	9.3	\$18,489,00
<b>Total</b>	<b>86</b>	<b>100.00</b>	<b>\$21,000,000</b>

source: BERL

After removing the outliers from the sample and extrapolating across the entire population of 9,100 charitable organisations, the following estimate was made. (Appendix 2 gives further detail on calculation of this estimate.)

*Table 6 Estimated total giving including observed outliers and appeals*

Revenue band	Estimated total charitable organisations	Estimated total giving
\$0 - \$10,000	3,113	\$998,000
\$10,000 - \$50,000	2,754	\$12,343,000
\$50,000 - \$100,000	1,197	\$24,376,000
\$100,000 - \$250,000	599	\$6,106,000
\$250,000 - \$500,000	1,078	\$66,172,000
\$500,000 - \$1,000,000	120	\$298,000
\$1,000,000 +	239	\$4,676,00
<b>Sub-total</b>	<b>9,100</b>	<b>\$114,969,000</b>
Non-random observed plus outliers		\$102,168,000
Appeals		\$19,792,000
<b>Total</b>		<b>\$236,930,000</b>

source: BERL

The total figure (\$237 million) provides a robust picture of organisations with revenues under \$50,000. But the values estimated for the mid-range charitable organisations are likely to be substantially less reliable. This is due to the small sample size (as shown in Table 5) for revenues between \$50,000 and \$1,000,000. There is a higher level of confidence for the very large charitable organisations, as information on them was captured in our study of major charities and most of these are included in the observed outliers figure, which captures the largest (and therefore outlying) donations figures.

It can be concluded that the actual figure for individual donations and appeals is almost certainly higher than the study sample estimate of \$237 million. This is confirmed by the IRD figure of \$368 million in 2006 dollars.



## 7.2 Bequests

Total giving by bequest is estimated at \$74.9 million, or 5.9 percent of total giving. This estimate has a 95 percent confidence interval of \$46.3 million to \$133 million.

Information on giving from estates was sourced from two major trustee administrators. Actual figures relating to bequests are not included, other than a total estimate, due to confidentiality requirements. Certain percentages are given in order to give some idea of the assumptions used in reaching the estimated bequest figure.

According to MoJ figures, 14,210 grants of administration were made in 2006.<sup>37</sup> Based on our estimates of the percentage of administered estates that leave bequests, approximately 925 estates included bequests in 2006.

Within each of these 925 estates, the average proportion given to charitable organisations is estimated at 23.8 percent. The estimated average bequest for estates leaving a charitable bequest was \$81,000. These figures lead to a total of \$74.9 million given to charitable organisations in the form of bequests.

*Table 7 Estimated bequests*

Total estates administered per year (moj figure)	14,210
Percentage of administered estates that leave bequests	6.5%
Estimated number of estates leaving bequests in 2006	925
Percentage of bequest-including estates given to charity	23.8%
<b>Estimated total bequest value</b>	<b>\$74,915,000</b>

source: BERL

The estimated figure for 2006 is almost double the figure estimated by Robinson and Hanley in 2002. This represents an average annual increase of 14.7 percent over that period. However, this estimate is reasonable compared to international estimates. Bequests in Australia account for approximately 4 percent of the total income of charities (Givewell 2005). Recent estimates indicate bequests account for between 8 percent (Congressional Budget Office 2004) and 9 percent (Giving USA 2004) of charitable giving in the USA.

The change in estimated bequests in New Zealand between 2002 and 2006 may partly reflect a difference in method rather than behavioural changes alone. This report draws on both the Public Trust and another major trustee administration company. Robinson and Hanley (2002) used average bequest information from the Public Trust. The Public Trust has a lower average bequest level than the other major trustee company, which was also used in this report. By drawing on two sources, this report gives a more comprehensive picture of bequests.

BERL estimates an increase in the average bequest of 9.6 percent per annum since 1996. Based on figures from Robinson (1996) and Robinson and Hanley (2002), the average bequest per estate rose by 8.3 percent per annum between 1996 and 2002. Again, the difference in method may explain some of this increase rather than a change in behaviour.

## 8 Business and corporate giving

This section presents giving by businesses in New Zealand. Table 8 splits total giving by business into sponsorship and philanthropic giving.

*Table 8 Total business giving*

Total business funding	\$254,073,000
Less sponsorship	\$164,893,000
<b>Corporate philanthropic giving</b>	<b>\$89,180,000</b>

Total philanthropic giving by businesses is estimated at \$89.2 million per year. This estimate is based on giving by large businesses only, and has a 95 percent confidence interval between \$63.0 million and \$115 million.

Measuring philanthropic business giving is complicated by the use of sponsorship and cause-related marketing. This report distinguishes between donations and sponsorship, and only includes the former as business giving, although BERL estimates that the latter represents a substantial contribution by business to non-profit and philanthropic causes.<sup>38</sup>

Giving information on 293 businesses was collected. The sources of information included corporate annual reports, the FIS databases and a random sample of charitable organisations' annual reports.

Table 9 shows giving by business size in terms of revenue, using the BERL sample. The revenue bands were set in order to match MED data on businesses by employment count size and value added per employee, with revenue information gathered by BERL.

*Table 9 Giving by business size (BERL sample)*

Revenue band (in \$m's)	Number of companies	% of companies	Total giving (\$)
\$0 - \$2.25	21	7.2	8,600
\$2.25 - \$5.0	11	3.8	1,700
\$5.0 +	174	59.4	29,695,200
Not specified	87	29.7	4,112,300
<b>Total</b>	<b>293</b>	<b>100.00</b>	<b>33,817,800</b>

Companies with non-specified revenues were assigned to the revenue bands chosen, based on the proportions in our sample, as shown in Table 10.

The sample included only a small number of companies with revenue of less than \$5 million relative to the total number of businesses in those bands for New Zealand. Giving estimates were not calculated for small and medium sized companies as the companies in the sample may not represent giving in the wider population.

The sample of large businesses, however, formed more than 13 percent of the entire population of large businesses in New Zealand. Extrapolating the giving figures for large businesses to the whole population of large businesses yielded the results shown in Table 10. (Appendix 2 gives further detail on calculation of this estimate.)

*Table 10 Estimated total giving by revenue band*

Revenue band (In \$m's)	Berl sample		Total number of companies (med)	Estimated giving (\$)	% Of total giving
	Number	Giving (\$)			
\$0 - \$2.25	30	9,800	118,980	na	na
\$2.25 - \$5.0	16	1,900	2,329	na	na
\$5.0 +	247	33,806,100	1,860	254,073,000	100.0
<b>Total</b>	<b>293</b>	<b>33,817,800</b>	<b>123,169</b>	<b>254,073,000</b>	<b>100.0</b>

The figure of \$254 million by large businesses is substantial, and is estimated to make up at least 87 percent of all funding by businesses.

A substantial portion of corporate giving is in the form of sponsorship, which does not fit this report's definition of philanthropic giving. Based on a review of a random sample of annual reports from charitable organisations, it was estimated that almost two thirds (64.9 percent) of total corporate funding was in the form of sponsorship.

After removing the sponsorship element, total estimated giving by large businesses was \$89.2 million. This figure would be higher if giving by smaller companies and companies with unspecified revenue were included. While giving by small and medium enterprises may provided a substantial amount of sponsorship in total, however, it is possible that this may given as in-kind provision of services or equipment rather than monetary support.

The FNZ report of 2002 estimated corporate giving of \$80 million based on the percentage of income charitable organisations in other countries obtained from businesses.<sup>39</sup> Inflating this value to 2006 dollars gives an estimate of \$86.8 million. After removing assumed sponsorship of almost two thirds, this equates to business giving of \$31.5 million. The figure in this report, estimated from observed giving at \$89.2 million, indicates that corporate giving rates in New Zealand are higher than those overseas.

## 9 Recipients of philanthropy

The study survey asked grantmakers questions about the location geographic of the recipients to whom they gave and what activities those funds supported.

### 9.1 Geographic dimensions of giving

The location questions were broken down into three parts; inside New Zealand and outside New Zealand; national or regional organisation; geographic regions that the grant was made to for regional organisations.

#### Giving to recipients in New Zealand versus recipients overseas

Grantmakers were asked to identify the dollar value of money grants in the latest year given to recipients outside New Zealand and recipients inside New Zealand.

Table II shows the split between New Zealand and overseas, grant recipients, the number of grantmakers, the dollar value of grants for each location and the percentage of total grants made for each location.

*Table 11 Location of grant recipients*

Location of recipient	Number	Value (\$)	% Of total grants made
Contributions within New Zealand	122	301,020,000	100.00
Contributions outside New Zealand	1	1,000	0.00
Zero or unspecified	4	1,109,000	N/A
<b>Total contributions (excl unspecified)</b>	<b>123</b>	<b>30,021,000</b>	<b>100.00</b>

The table shows that, in the current year, almost all grantmakers made grants only to New Zealand recipients. There was a small fraction (less than 1.0 percent) of grantmakers who made grants directly to recipients located outside of New Zealand. Some of this funding, however, is likely to have contributed to high profile natural disaster relief efforts by New Zealand-based charities, for example, in response to the Indian Ocean tsunami on Boxing Day 2004.<sup>40</sup> Although it was not possible to reliably identify how much money New Zealand-based charities channelled to overseas recipients for natural disaster relief, it is likely that New Zealanders gave a larger proportion to overseas recipients than the grantmaker survey results suggest.<sup>41</sup>

#### Giving to national organisations versus regional organisations

The survey also asked grantmakers whether the grant recipient was a national organisation or supported a specific region in New Zealand. Table 12 shows the split between national and regional grant recipients, the number of grantmakers, the dollar value and the percentage of the total grants made. The total value in Table 12 does not equal the total in Table II because not all organisations that answered the country location question answered the organisation type question.

*Table 12 National and regional grant recipients*

Type of organisation	Number	Value (\$)	% Of total grants made
Contributions to national organisations only	16	58,883,307	26.2
Contributions to regional organisations only	68	84,226,775	37.5
Contributions to both types of organisation	16	81,402,255	36.3
Zero or unspecified	49	79,239,329	N/A
<b>Total contributions (excl unspecified)</b>	<b>100</b>	<b>224,512,337</b>	<b>100.0</b>

The largest proportion, in value and number terms, was grantmakers granting only to regional organisations, at 37.5 percent of the total value. This was similar in value terms to the percentage that gave to both types. Just over one quarter of the total value of grants made was by grantmakers that gave to national organisations.

Focusing on giving to either national or regional organisations, grantmakers gave just over 30 percent of the total funds granted to national organisations and just under 70 percent to regional organisations.

## Regional dimensions of giving

The final location question asked grantmakers to indicate where grants had been made to within New Zealand. We asked them to exclude grants made to national organisations.

Table 13 shows the regional location of the grant recipients, the number of grantmakers who said they made grants in a region, the value of the grants made to each region and the percentage of total grants made.

The reported figures in Table 13 are influenced by giving by New Zealand's 12 statutory community trusts. Regional giving information was available for 11 of the 12 community trusts, and totalled over \$104 million. This is approximately two thirds of the reported giving for which regional information was available. If the community trusts are set aside, there is a relatively small number of responses and corresponding value of grants. Due to the influence of community trusts and the small number of other responses, care should be taken in extrapolating from the sample responses to regional granting by all grantmakers.

*Table 13 Regional location of grant recipients*

Region	N	Value (\$)	% of Total grants made
Northland	11	10,090,00	6.8
Auckland	21	71,931,000	48.5
Waikato	7	12,977,000	8.8
Taranaki	5	4,700,000	3.2
Bay of Plenty	6	6,544,000	4.4
Gisborne	7	4,740,000	3.2
Hawkes Bay	9	1,205,000	0.8
Manawatu-Wanganui	7	2,595,000	1.8
Wellington	23	6,938,000	4.7
Marlborough	6	2,314,000	1.6
Nelson	7	2,496,000	1.7
Tasman	7	1,406,000	0.9
West Coast	4	1,456,000	1.0
Canterbury	14	12,857,000	8.7
Otago	8	5,951,000	4.0
Southland	9	7,676,000	5.2
<b>Total</b>	<b>84</b>	<b>155,959,000</b>	<b>100.0</b>

The table shows that almost half of the reported philanthropic funding in New Zealand during 2005/2006 went to the Auckland Region. This compares to the Auckland region population which represented 32 percent of New Zealand's population at the 2006 census. This reflects the substantial impact of the ASB Community Trust, which has a mandate to grant to recipients in the Auckland region. The ASB Community Trust injected almost 80 percent of the Auckland region's reported funding.

The Waikato region accounted for 8.3 percent of grants received, despite it only being the fourth largest region by population behind Canterbury and Wellington. This captures the contribution of the Waikato region community trust, Trust Waikato, which provided almost two thirds of the reported funding to the Waikato region.

The Southland region received 5.2 percent of reported grants, with 98.5 percent of this funding coming from the Community Trust of Southland. Given the figures available, Southland receives the highest level of granting per capita in the country.

If it were assumed that the TSB Community Trust donated solely to the Taranaki region, this would raise the value of Taranaki's reported grants to \$11.2 million. This would rank Taranaki as the fourth largest regional recipient by value and the second largest recipient per capita.

## 9.2 Activities supported

Grantmakers were asked to identify what activities their grants supported.<sup>42</sup> This question used the categories developed by Statistics New Zealand (SNZ) for the Study of the New Zealand Non-Profit Sector.<sup>43</sup> Although information on activity subcategories was not collected, these categories were specified in the survey questionnaire to assist respondents. The culture and recreation category, for example, has three subcategories: culture and arts, sports, and other recreation and social clubs. Survey respondents were also provided examples to assist with appropriately classifying examples.<sup>44</sup>

*Table 14 Activities that grants support*

Activity type	Number	Value (\$)	% Of total grants made
Culture and recreation	52	56,617,000	26.58
Education and research	59	51,641,000	24.24
Health	37	21,827,000	10.25
Social services	41	33,594,000	15.77
Environment	15	14,127,000	6.63
Development and housing	11	16,580,000	7.78
Law, advocacy and politics	3	132,000	0.06
Philanthropic intermediaries and voluntarism promotion	7	264,000	0.12
International	5	226,000	0.11
Religion	15	1,818,000	0.85
Business and professional associations, unions	2	14,000	0.01
Other (not elsewhere specified)	22	16,159,000	7.59
<b>Total</b>	<b>87</b>	<b>212,997,000</b>	<b>100.00</b>

The largest proportion of grants made, in terms of value, were to culture and recreation activities, which accounted for 26.6 percent of total grants. This category includes funding to sports and sports clubs, but also includes organisations such as The New Dowse Gallery. This category was followed by education and research activities on 24.2 percent, which includes support to the North Shore Education Trust, Kings High School and students attending university. Together these two activities accounted for over half the value of all grants reported in this question.

Social services (15.8 percent) and health (10.3 percent) were the only other activities which accounted for higher than 10 percent of grants made. The social services category includes recipients such as The Wellington City Mission, Relationship Services Whakawhanaunga-tanga, and St Joseph Mercy Hospice. The health category includes funding to organisations such as the Taranaki Rescue Helicopter, the Asthma & Respiratory Foundation of New Zealand and the Starship Foundation (which is associated with a major children's hospital in Auckland).

Three further activities (environment, development and housing and other) were the only other activities to record greater than 1.0 percent of grants made. Recipients reported in the environment category include the Rotorua Tree Trust, the Auckland Zoo and the South Catlins Environment Trust. The development and housing category includes recipients such as the Child Poverty Action Group, Healthy Homes trusts and marae committees.

### Activities gaming machine societies support

Section 6.6 showed that gaming machine societies provide funding to their communities of between \$272 million and \$302 million. The CGA publishes grant information every quarter that contains detail on the activities the seven largest gaming trusts support. The largest part of giving by gaming trusts is to sports, at approximately 45.1 percent of the total. The next biggest beneficiary is community activities, at 31.1 percent. Health and education receive 14.3 percent and 9.6 percent respectively of all giving by gaming trusts.

These figures were combined with the study estimate of total gaming machine society funding to suggest what gaming machine societies collectively provide to different activities. These funding estimates are shown in Table 15.

*Table 15 Giving by gaming machine societies according to activity type*

Recipient of giving	Estimated % of giving	Estimated giving (\$)
Sport	45.1%	122,681,000
Community	31.1%	84,487,000
Health	14.3%	38,821,000
Education	9.6%	26,011,000
<b>Total</b>	<b>100.0%</b>	<b>272,000,000</b>

Sport beneficiaries are estimated to have received \$123 million in the last year. Community recipients received approximately \$84.5 million, while health and education beneficiaries received \$38.8 million and \$26 million respectively.

## 10 Summary: total philanthropic funding

Total philanthropic giving in New Zealand in 2006 is estimated to have been \$1.27 billion. The total giving figure of \$1.27 billion corresponds to approximately 0.81 percent of New Zealand GDP. Although this is an estimated figure, actual giving is likely to lie between \$1.24 billion and \$1.46 billion, based on the lower and upper limits of the 95 percent confidence intervals for individually estimated components.

Table 16 gives a breakdown of total estimated giving by the three main sources of giving.<sup>45</sup>

*Table 16 Total giving by source*

Source of giving	Estimated giving		
	\$	%	%GDP
Trusts and foundations - voluntary	\$124,712,000	9.8%	0.08%
- statutory	\$617,433,000	48.5%	0.39%
Personal giving	\$442,799,000	34.8%	0.28%
Business and corporate giving	\$89,180,000	7.0%	0.06%
<b>Total</b>	<b>\$1,274,124,000</b>	<b>100.0%</b>	<b>0.81%</b>

source: BERL

Based on observed giving by trusts and foundations of \$699 million, BERL estimated that trusts and foundations contributed approximately \$742 million (58.3 percent) to total estimated giving. Statutory organisations, which include trusts such as the Community Trust of Southland, provided five sixths of this funding. Voluntary trusts and foundations, such as the J R McKenzie Trust and T G Macarthy Trust, contributed approximately one sixth.

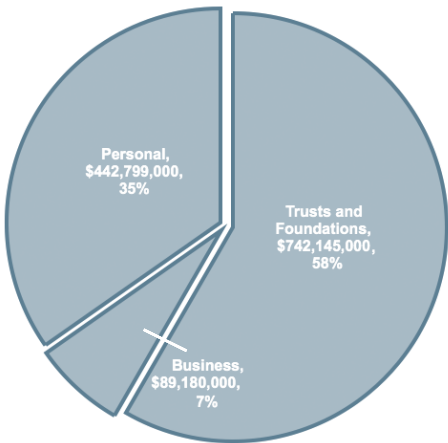
Personal donations and bequests contributed just over a third (34.8 percent) of total estimated giving. Donations amounted to just under \$368 million. Although this figure is based on actual IRD rebates information, it is likely to be conservative as people do not claim for all donations made. Bequests and legacies for philanthropic purposes amounted to an estimated \$74.9 million. As estimated bequests were based on limited data, the estimate has a range from \$46.3 million to \$133 million.

Businesses accounted for approximately one fourteenth (7.0 percent) of total estimated giving. This estimate is based on giving by large businesses only and excludes sponsorship as this does not fit within the study definition of philanthropy. The study suggests, however, that large businesses contribute almost twice this amount again to charitable organisations through sponsorship. While giving by small and medium enterprises is unclear, these businesses may provide a substantial amount of sponsorship rather than giving, and this sponsorship may be in-kind provision rather than monetary support.



Figure 3 draws on Table 16 to show the relative share of giving by source.

Figure 3 Total giving by source  
Philanthropic giving in New Zealand 2006

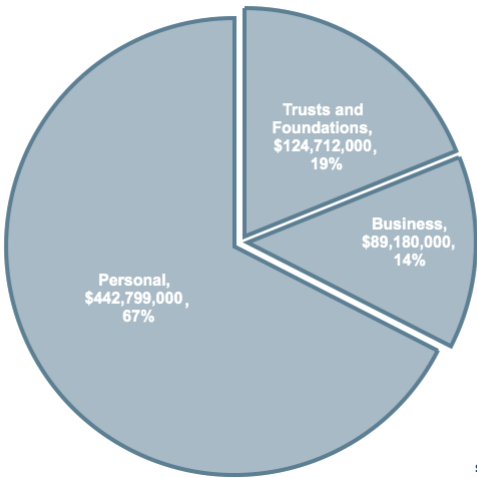


source: BERL

The biggest contributors to total giving were statutory trusts, with \$617 million, or 48.5 percent of the total. Together with voluntary trusts, these accounted for \$742 million, or 58.3 percent of total giving. Personal giving, which includes donations and bequests, represented \$443 million, or 34.8 percent of the total. Businesses gave around \$89.2 million, or 7.0 percent of all giving.

Figure 4 shows voluntary giving by New Zealanders, that is, giving by individuals and non-statutory organisations such as voluntary trusts and businesses.

Figure 4 Total voluntary giving by source  
Voluntary giving in New Zealand 2006



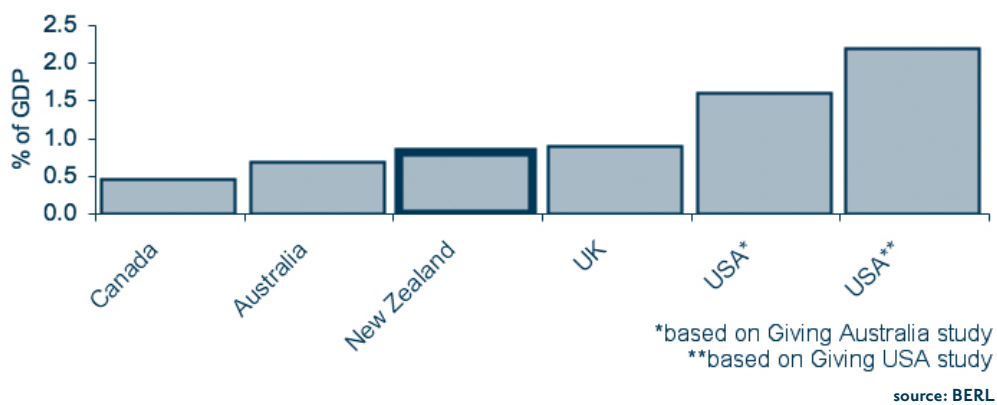
source: BERL

Figure 4 draws out the significance of the role played by individual New Zealanders in terms of voluntary giving, accounting for just over two thirds of estimated total voluntary giving.

Figure 5 draws the information on total giving together to show New Zealand’s estimated total giving as a percentage of GDP and how this compares to rates in different countries.

Figure 5 Comparison of international giving as a percentage of GDP

International comparison of giving as a % of GDP

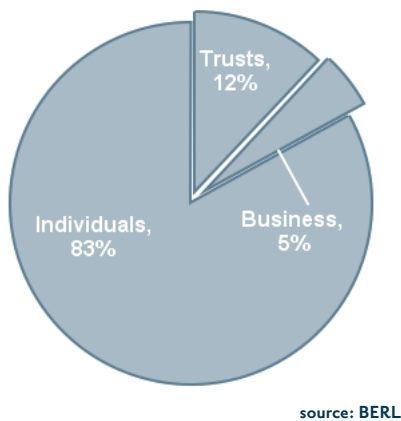


New Zealand’s giving as a percentage of GDP compares favourably with those of Canada, Australia and the United Kingdom. The percentage of private giving in the US is substantially higher than in Australia, Canada, New Zealand or the United Kingdom. This difference is strongly linked to the fact that charitable organisations in the US are funded more by private giving, whereas in Australia, Canada, New Zealand and the United Kingdom, government funding (through taxes) of charitable organisations has displaced a significant portion of private giving.

Figure 6 compares total giving by source in the US and New Zealand.

Figure 6 Sources of giving, US and New Zealand

Source of giving (USA)



Source of giving (NZ)

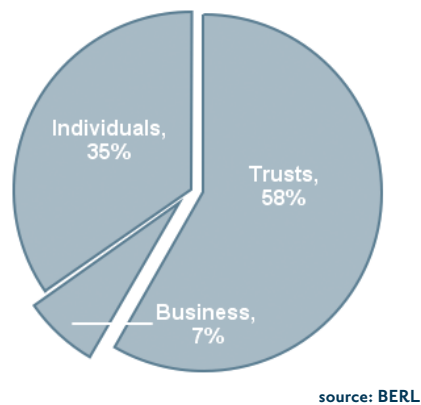
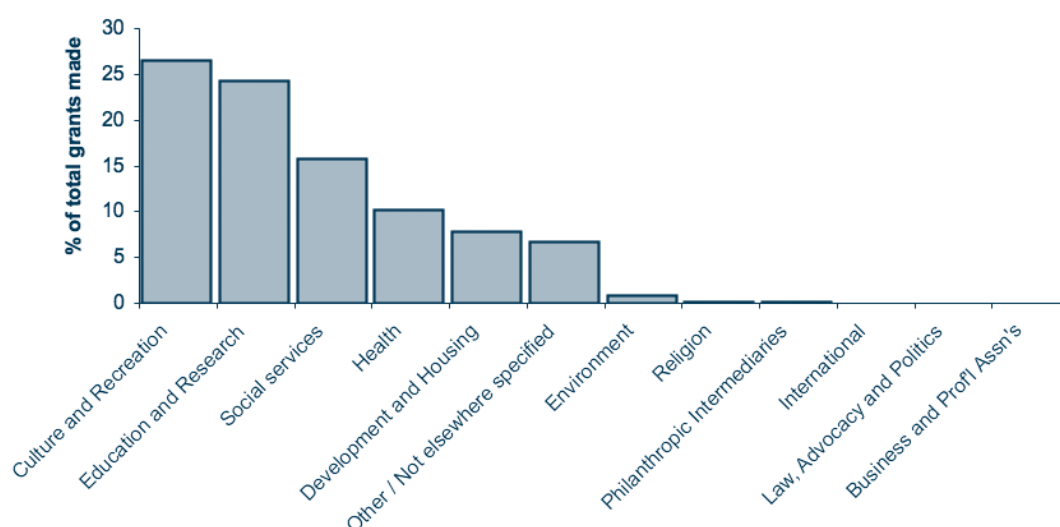


Figure 6 highlights the importance of trusts in New Zealand, and more particularly, statutory trusts. Individuals in the USA account for over four fifths of philanthropic funding while in New Zealand the proportion is just over one third.

A second goal of the study was to examine the recipients of philanthropic funding. A survey of grantmakers conducted for this study provided indicative information about the recipients of philanthropic funding in New Zealand.

- Almost all (i.e. approximately 100 percent) funds go to New Zealand recipients, although New Zealand-based charities may then give to overseas recipients.
- Grantmakers gave just under 70 percent of philanthropic funding to recipients in specific regions, while 30 percent supported national organisations.
- The majority of granted funds (46 percent) went to Auckland recipients, while the remainder was spread widely across the remainder of the country.
- The four activities that received the greatest amount of funding accounted for over three quarters of grant funding. These activities were culture and recreation (27 percent), education and research (24 percent), social services (16 percent) and health (10 percent).

#### *Activities that grants support*



source: BERL

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## 12 Appendix I – Survey method and analysis

### 12.1 Method

#### Survey design

The survey was designed in four steps. The first step involved reviewing relevant survey tools used in New Zealand and international studies. This step aimed to identify formats and questions used in previous studies. Key references included:

- Australian Council of Social Service (2004) Giving Australia: Summary of Key Data.
- Australian Council of Social Service (2005) Giving Australia: Summary of Findings.
- BRC Marketing and Social Research survey tool used for Giving Behaviours and Attitudes (2002).
- Imagine Canada (2005) The Canadian Nonprofit and Voluntary Sector in Comparative Perspective.
- Independent Sector (1999) Giving and volunteering survey instrument (English).<sup>46</sup>
- National Council for Voluntary Organisations (2006) UK Giving 2005-06.
- Statistics Canada 2004 Canada Survey of Giving, Volunteering and Participating questionnaire.
- Statistics Canada 2004 National Survey of Nonprofit and Voluntary Organizations questionnaire.

The second step was to select the questions and format the survey. Where possible questions were adapted from the tested surveys above.

The third step involved a test run of the survey questionnaire with a test group of 15 grantmakers (including PNZ Research Committee members) and 12 grant recipients. The survey questions and format were amended using the feedback from the test participants.

Finally, BERL provided a copy of the draft survey questionnaire to SNZ for review. BERL is grateful for the helpful comments provided, which were incorporated into the final version of the survey questionnaire.

#### Sampling and Collection

Survey participants were drawn from two sources. The first was a purposive sample of grantmakers including PNZ members plus identified licensing trusts that were not PNZ members. The grantmaker sample included 109 grantmaking members of PNZ plus 11 licensing trusts.

The second source was a random sample of organisations from the Companies Office Register of Charitable Trusts and Incorporated Societies. The Register has 16,690 organisations. Based on this population size the required number of responses was 415 for a 90 percent confidence level with a 4 percent confidence interval. Assuming a response rate of 25 percent, the required sample size was 1,660 organisations.

The survey questionnaire was posted out to all organisations with a cover letter, a freepost return envelope and a chocolate as a token of thanks. Participants were also able to complete the survey on-line via the BERL website. E-mail and phone contact details for BERL researchers were also provided.

To avoid double counting, the survey asked respondents to state whether they purely made grants, received grants or administered grants (that is, granted from its own funds but might also administer grants on behalf of another grant making organisation). This data was used to partition the data into grantmakers, administrators and recipients so there were no overlaps in responses.

## 12.2 Survey response statistics

Responses were received from 54 PNZ members (40 completed the postal questionnaire and 14 completed the survey on-line), which corresponded to a response rate of 50 percent. No responses were received from non-PNZ member licensing trusts. Where no response was received from PNZ members, limited grantmaking information was extracted from an earlier PNZ member survey.

The response rate from the random sample was 12.8 percent of the organisations with valid addresses, with a total of 177 responses (145 participants returned a postal questionnaire and 32 completed the survey on-line).

The response rate from the random sample was significantly lower than anticipated. One reason for the low response rate was that 17 percent (282) of surveys were returned without reaching the intended recipient. This reflects a limit of the Register, which is not an audited database. Responsibility lies with an individual organisation to provide up-to-date information.

### Known Grantmakers

The known grantmakers category is made up of 55 identified PNZ members. It is restricted to grantmakers that grant solely from their own funds.

As is clear from Table 17 below, the majority of organisations classified themselves as either a registered trust or society; family trust, individual trust, foundation, society or community foundation; or community trust. Organisations could report being more than one type, so the total responses exceed the number of respondents.

*Table 17 Known grantmakers by organisation type*

Organisation type	Number (N)
Family trust or individual trust/foundation/society or community foundation	14
Māori trust/incorporation or hapu/iwi charitable organisation	0
Community trust (established from the sale of trustee savings banks)	11
Licensing trust	2
Energy trust	9
Gaming machine trust	1
Casino	0
Business/corporation	1
Corporate trust	1
Registered trust or incorporated society	15
Other charitable trust or unincorporated society	1
Other	3
<b>Total</b>	<b>58</b>

*Table 18 Dollar value of assets and investments*<sup>47,48</sup>

Dollar value of assets and investments	N	Mean (\$)	IQR
Grantmaker	51	112,185,521	155,000,000

*Table 19 Dollar value of total revenue*

Dollar value of organisation's total revenue	N	Mean (\$)	IQR
Grantmaker	53	13,367,734	11,233,675

*Table 20 Number of paid employees by type of employment*

Paid employees	N	Mean
Part-time workers	42	1.6
Full-time workers	40	11.5

*Table 21 Number of unpaid volunteers by hours worked per week*

Unpaid volunteers	N	Mean
Fewer than 4 hours per week	44	6.4
Between 4 and 30 hours per week	29	0.4
More than 30 hours per week	27	0

*Table 22 Dollar value of income/revenue*

Dollar value of organisations' income	N	Mean (\$)	IQR
Revenue from assets, investments or sales of goods and services	48	13,184,766	12,771,864
Grants, bequests or other funds	27	355,425	70,893
Grants or other funds received from central or local government agencies	21	1,429	0
Other sources of income	23	126,079	6,767

*Table 23 Dollar value of money grants given to recipients in and outside New Zealand*

Dollar value of money grants given to	N	Mean (\$)	IQR
Recipients in New Zealand	51	4,278,750	3,638,326
Recipients outside New Zealand	-	-	-

*Table 24 Dollar value of money grants given to various activity types*

Activity type	N	Mean (\$)	IQR
Culture and recreation	31	1,762,205	1,087,000
Education and research	33	1,519,899	838,334
Health	28	745,344	344,764
Social services	31	1,072,525	890,459
Environment	18	784,751	306,700
Development and housing	13	1,229,448	280,090
Law, advocacy and politics	10	13,195	10,000
Philanthropic intermediaries and voluntarism promotion	14	18,787	20,000
International	10	20,000	0
Religion	18	45,326	40,000
Business and professional associations, unions	10	1,400	0
Other (not elsewhere specified)	21	764,716	1,226,442



*Table 25 Dollar value of money grants destined for national or regional organisations*

Destination of money grants within New Zealand	N	Mean (\$)	IQR
National organisations in New Zealand	25	2,619,289	998,447
Organisations or people in specific regions of New Zealand	42	3,614,849	3,256,550

*Table 26 Regions money was granted to in the last year (% of grant funds)*

Region	N	Mean	IQR
Northland	10	26.81	33.33
Auckland	19	55.93	82.13
Waikato	11	38.48	100
Taranaki	8	16.30	14.35
Nelson	8	16.93	14.03
Tasman	7	5.56	9
West Coast	7	12.20	9
Southland	6	20.14	20
Bay of Plenty	8	14.50	4.715
Gisborne	8	26.09	52.845
Hawkes Bay	9	34.84	100
Manawatu-Wanganui	9	21.48	23.8
Wellington	17	41.92	79.5
Marlborough	7	4.30	9
Canterbury	13	34.30	68.9
Otago	11	28.62	90

## Random sample responses

The random sample was drawn from the New Zealand Companies Offices' Register of Charitable Trusts and Incorporated Societies. This register includes both grant making and grant receiving organisations

*Table 27 Responses by organisation type*

Organisation type	Grantmakers	Grant recipients
Family trust or individual trust/foundation/society or community foundation	5	3
Māori trust/incorporation or hapu/iwi charitable organisation	1	5
Community trust (established from the sale of trustee savings banks)	0	0
Licensing trust	0	0
Energy trust	0	0
Gaming machine trust	2	0
Casino	0	0
Business/corporation	1	1
Corporate trust	1	0
Registered trust or incorporated society	47	94
Other charitable trust or unincorporated society	1	8
Other	1	4

*Table 28 Dollar value of assets and investments*

Dollar value of assets and investments	N	Mean	IQR
Grantmaker	49	2,497,493	1,185,618
Grant recipient	96	163,637,025	992,454

*Table 29 Dollar value of total revenue*

Dollar value of organisation's total revenue	N	Mean	IQR
Grantmaker	55	309,827	147,854
Grant recipient	104	168,687,818	701,571

*Table 30 Number of paid employees by type of employment*

Paid employees	Grantmaker				Grant recipient			
	N	Mean	N	Typical Mean	N	Mean	N	Typical Mean
Paid part-time workers	45	1.8	33	1.1	89	24.2	61	1.8
Paid full-time workers	39	257.4	30	0.4	92	37.3	63	1.4

*Table 31 Number of unpaid volunteers by hours worked per week*

	Grantmaker				Grant recipient			
	N	Mean	N	Typical Mean	N	Mean	N	Typical Mean
Less than 4 hours per week	48	3.5	34	2.1	94	15.3	63	3.7
Between 4 and 30 hours per week	37	0.3	31	0.4	75	61.5	53	1.4
More than 30 hours per week	33	0	28	0	51	0.4	44	0.4

*Table 32 Dollar value of income/revenue*

	Grantmaker			Grant recipient		
	N	Mean	IQR	N	Mean	IQR
Revenue from assets, investments or sales of goods and services	49	246,489	108,130	80	1,211,239	116,843
Grants, bequests or other funds	30	103,291	20,000	82	692,957	271,427
Grants or other funds received from central or local government agencies	18	62,020	0	68	926,244	231,251
Other sources of income	26	32,261	21,152	69	126,825	15,000

*Table 33 Dollar value of money received from various sources*

Dollar value of money received from the following sources for latest year	Grantmaker			Grant recipient		
	N	Mean	IQR	N	Mean	IQR
Funds from individuals	11	92,962	20,662	63	333,312	41,993
Funds from individuals to establish a trust	5	0	0	42	37	0
Bequests or legacies from individuals' estates	9	163,994	35,000	50	173,429	500
Bequests or legacies from individuals' estates to establish a trust	5	0	0	41	123,915	0
Grants from a family trust or individual trust/foundation/society or community foundation	6	15,927	0	58	62,578	15,000
Grants from a Māori trust/incorporation or hapu/iwi charitable organisation	5	0	0	42	6,107	0
Grants from community/licensing/energy/gaming machine trusts	5	1,300	2,500	66	90,376	61,680
Grants from a casino	5	0	0	40	1,859	0
Grants from a business/corporation	6	3,550	1,300	49	85,475	10,400
Grants from a corporate trust	5	0	0	40	11,368	0
Grants from a central or local government agency	6	184,981	0	59	340,657	101,978
Grants from the Lottery Grants Board	5	0	0	48	31,080	15,563
Grants from another organisation	7	44,704	37,826	48	159,051	13,633

*Table 34 Dollar value of money grants given to recipients in and outside New Zealand*

Dollar value of money grants given to	Grantmaker			Grant recipient		
	N	Mean	IQR	N	Mean	IQR
Recipients in New Zealand	53	65,610	33,340	88	579,789	167,176
Recipients outside New Zealand	31	3,306	0	52	185,819	0

*Table 35 Dollar value of money grants given to various activity types*

Activity type	Grantmaker			Grant recipient		
	N	Mean	IQR	N	Mean	IQR
Culture and recreation	22	26,047	12,292	39	32,905	30,000
Education and research	30	46,637	30,750	32	49,106	31,459
Health	16	29,414	10,643	33	78,907	49,100
Social services	15	15,807	10,000	29	129,682	25,000
Environment	8	140	62	21	114,288	0
Development and housing	8	74,667	0	21	10,451	0
Law, advocacy and politics	6	0	0	21	67,717	0
Philanthropic intermediaries and voluntarism promotion	6	83	0	21	19,768	0
International	10	2,577	500	20	5,154	0
Religion	7	286	0	21	153	0
Business and professional associations, unions	6	0	0	20	100	0
Other (not elsewhere specified)	9	11,055	3,333	23	73,350	0

*Table 36 Dollar value of money grants destined for national or regional organisations*

Destination of money grants within New Zealand	Grantmaker			Grant recipient		
	N	Mean	IQR	N	Mean	IQR
National organisations in New Zealand	21	47,196	8,284	70	523,087	114,012
Organisations or people in specific regions of New Zealand	53	46,261	31,250	100	180,939	33,656

*Table 37 Regions money was granted to in the last year (% of grant funds)*

Region	Grantmaker			Grant recipient		
	N	Mean	IQR	N	Mean	IQR
Northland	3	74.67	76	5	22.00	10
Auckland	8	74.38	53.5	14	64.37	70.86
Waikato	1	100.00	0	9	38.12	100
Taranaki	1	100.00	0	6	33.67	100
Nelson	2	56.80	86.4	7	43.00	100
Tasman	3	51.67	95	3	0.00	0
West Coast	0	-	-	6	33.67	100
Southland	4	60.50	79	5	20.40	2
Bay of Plenty	2	100.00	0	6	18.50	10
Gisborne	2	100.00	0	5	18.80	4.02
Hawkes Bay	3	68.75	93.75	6	18.26	5.53
Manawatu-Wanganui	1	8.75	0	4	2.01	4.02
Wellington	11	89.58	0	11	48.92	100
Marlborough	4	55.38	81.25	4	0.25	0.5
Canterbury	8	80.13	32.5	16	66.25	96.485
Otago	2	53.75	92.5	7	16.72	10

## 13 Appendix 2 – Calculation of giving figures

### 13.1 Trusts and foundation-based giving

No information is available from administrative sources on the total level of giving through voluntary trusts and foundations. Responses from grantmakers in the random sample, that is non-PNZ voluntary trusts, were used to estimate giving by voluntary trusts.

Respondents were allocated to one of two revenue bands, \$0-\$10,000, and over \$10,000. The estimates were based on typical granting and excluded responses from grantors with extreme grants, as these are unlikely to be representative of the population as a whole.

The estimated population of grantmakers is 4,470. This is based on applying the proportion of respondents in the random sample that were grantmakers (33 percent) to the population of registered charitable trusts and incorporated societies with valid addresses.<sup>49</sup> The 44 PNZ voluntary trust members that responded to the survey were excluded from this total prior to extrapolation in order to calculate an estimate for non-PNZ voluntary trusts.

In the sample, 58 percent of non-PNZ grantmakers had revenue of less than \$10,000 and 42 percent had higher revenues. This is equivalent to a population level of 2,571 small grantmakers and 1,851 larger grantmakers. These figures were used to extrapolate from the sample average granting by revenue band to the population. The average grant for small grantmakers was \$3,695 and the average for larger grantmakers was \$32,499.

Based on the estimated number of grantmakers and the average grant, we estimated total giving through non-PNZ voluntary trusts of approximately \$69.7 million. We are confident that the true level lies between \$67.8 million to \$71.6 million, based on a 95 percent confidence level. Although information was collected on some non-PNZ voluntary trusts from the FIS and trustee administration companies, recorded giving from these sources is not added to the estimate to avoid potential double counting.

It is difficult to assess how sensitive the estimate is to the assumption of the number of grantmakers in the entire population, as we have too little information to establish a range around the estimated number of grantmakers. We believe that the giving estimate is conservative, as the 670 non-PNZ voluntary trusts identified by this study recorded giving \$26.6 million. At \$39,700 per trust, these trusts gave more philanthropic funding on average than the survey sample. This indicates that the study is likely to have measured a large proportion of the larger trusts relative to the whole population of trusts.

## 13.2 Personal giving

From Table 5, it is immediately clear that the sample included a large number of outliers at the upper end, particularly in the \$500,000 and above categories of revenue.

A simple outlier test proved this to be correct. At the upper end there were ten outliers. Removing these outliers resulted in a sample of 76 as shown in Table 38.

*Table 38 – Random sample without outliers' giving receipts by revenue band*

Revenue band	Random sample less outliers	% of Recipients	Total observed receipts
\$0 - \$10,000	26	34.2	\$8,338
\$10,000 - \$50,000	23	30.3	\$103,088
\$50,000 - \$100,000	10	13.2	\$203,576
\$100,000 - \$250,000	5	6.6	\$50,993
\$250,000 - \$500,000	9	11.8	\$552,649
\$500,000 - \$1,000,000	1	1.3	\$2,847
\$1,000,000 +	2	2.6	\$39,054
<b>Total</b>	<b>76</b>	<b>100.0</b>	<b>\$960,185</b>

Next, the number of charitable organisations in New Zealand needed to be estimated. This is illustrated in Table 39. A figure of 16,690 was obtained from the Companies Office. Based on feedback from the BERL survey, approximately 17.7 percent were assumed not to be operating. A further 4,470 were assumed to be voluntary trusts, and 160 were statutory trusts.

*Table 39 – Number of charitable organisations in New Zealand*

Charities	Number
Companies office register	16,690
Charities with invalid addresses	-2,960
Voluntary grantmaking trusts	-4,470
Statutory grantmaking trusts	-160
<b>Total</b>	<b>9,100</b>

Using the proportions of recipients in each revenue band in this sample and extrapolating across the estimated population of 9,100 charitable organisations, resulted in the figure of \$115 million shown in Table 6 and repeated below. Adding to this the observed individual donations which were eliminated by the outlier tests, as well as confirmed appeals received by charities, results in a total figure of \$237 million.<sup>50</sup>

*Table 40 – Estimated total giving including observed outliers and appeals*

Revenue band	Estimated total charitable organisations	Estimated total giving
\$0 - \$10,000	3,113	\$998,000
\$10,000 - \$50,000	2,754	\$12,343,000
\$50,000 - \$100,000	1,197	\$24,376,000
\$100,000 - \$250,000	599	\$6,106,000
\$250,000 - \$500,000	1,078	\$66,172,000
\$500,000 - \$1,000,000	120	\$298,000
\$1,000,000 +	239	\$4,676,00
<b>Sub-total</b>	<b>9,100</b>	<b>\$114,969,000</b>
Non-random observed plus outliers		\$102,168,000
Appeals		\$19,792,000
<b>Total</b>		<b>\$236,930,000</b>

### 13.3 Business and corporate giving

Revenue figures were not available for 87 companies. Data for these companies were gathered mostly from FIS figures and a random sample of annual reports of charitable organisations. Companies where revenue was unavailable were assigned to the three defined revenue bands. The assignment mirrored the proportions in each band for companies that had specified revenue. This allocation is shown in Table 41.

*Table 41 – Number and percentage of companies in each revenue band*

Revenue band (in \$M's)	Specified-revenue companies		Non-specified revenue companies		Total companies
	Number	% of revenue	Number	% of revenue	
\$0 - \$2.25	21	10	9	10	30
\$2.25 - \$5.0	11	5	5	5	16
\$5.0 +	174	84	73	84	247
<b>Total</b>	<b>206</b>	<b>100</b>	<b>87</b>	<b>100</b>	<b>293</b>

Next, the value of giving for unspecified-revenue organisations was determined. This was calculated for each revenue band by assuming that unspecified-revenue companies gave a similar percentage as specified-revenue companies. This is shown in Table 42.

*Table 42 – Total giving by revenue band*

Revenue band (In \$m's)	Specified-revenue companies		Non-specified revenue companies		Total companies \$
	Giving (\$)	Giving (%)	Estimated giving (\$)	Assumed % giving	
\$0 - \$2.25	8,600	0.03	1,200	0.03	9,800
\$2.25 - \$5.0	1,700	0.01	200	0.01	1,900
\$5.0 +	29,695,200	99.97	4,110,900	99.97	33,806,100
<b>Total</b>	<b>29,705,500</b>	<b>100.00</b>	<b>4,112,300</b>	<b>100.00</b>	<b>33,817,800</b>

Considering the small number of companies in the two lower revenue bands (forming 0.03 percent and 0.67 percent of the \$0 – \$2.25 million and \$2.25 – \$5 million bands respectively), we could only reliably estimate the largest revenue band. Our sample made up more than 13 percent of the total population of big businesses, and the value it produced was likely to be more statistically accurate than including the small and medium businesses.

Next, the value for businesses with revenues over \$5 million was extrapolated to a value for the population of such businesses. The MED data on businesses by employment count and value added per employee were used to determine the approximate number of businesses in New Zealand in each revenue band. An estimate of total giving by large businesses in the whole country was extrapolated from our sample of large businesses, as shown in Table 10 in the main body of this report.



## 14 Appendix 3 – Activity subcategories

*Table 43 Classification of activities supported by philanthropy*

- |  |  |
|--|--|
| 1. Culture and recreation                  | 7. Law, advocacy and politics                                |
| Culture and arts                           | Civic and advocacy organisations                             |
| Sports                                     | Law and legal services                                       |
| Other recreation and social clubs          | Political organisations                                      |
| 2. Education and research                  | 8. Philanthropic intermediaries and voluntarism promotion    |
| Primary and secondary education            | Grantmaking foundations                                      |
| Higher education                           | Other philanthropic intermediaries and voluntarism promotion |
| Other education                            |  |
| Research                                   | 9. International   |
| 3. Health                                  | International activities                                     |
| Hospitals and rehabilitation               | 10. Religion   |
| Nursing homes                              | Religious congregations and associations                     |
| Mental health and crisis intervention      | 11. Business and professional associations, unions           |
| Other health services                      | Business associations  |
| 4. Social services                         | Professional associations                                    |
| Social services                            | Labour unions  |
| Emergency and relief                       | 12. Other (not elsewhere classified)                         |
| Income support and maintenance             | Not elsewhere classified                                     |
| 5. Environment                             |  |
| Environment                                |  |
| Animal protection                          |  |
| 6. Development and housing                 |  |
| Economic, social and community development |  |
| Housing                                    |  |
| Employment and training                    |  |

## Endnotes



1. The Treasury (2006a) Financial Statements of the Government of New Zealand for the Year Ended 30 June 2006.
2. The Treasury (2006b) Estimates separately identify grant funding of \$15.156 million in Vote Community and Voluntary Sector. However, this is only one avenue for government granting and is likely to represent only a small proportion of overall government granting.
3. For example, Scoop (1 February 2006) Trusts distribute nearly \$70m in last 2005 quarter; The Daily News (28 April 2005) TSB grants (fourth-quarter); The Press (5 April 2005) Trust secures title.
4. For example, The Dominion Post (27 February 2006) Trusts' half-million boosts sport project; The Southland Times (6 April 2005) Trust donates record amount.
5. Clubs may provide for a particular community so that a member benefits indirectly from their giving by the operation of the club. These funds should be included as giving as the member does not expect a direct benefit. Where a member pays for particular services giving them direct benefits, the funds should be excluded.
6. A report commissioned by the New Zealand Federation of Voluntary Welfare Organisations Value Added provides estimates of non-monetary giving for 10 nationwide voluntary organisations. PricewaterhouseCoopers (2004) Value Added By Voluntary Agencies: The VAVA Project.
7. Although the study aims to separate private philanthropy from statutory philanthropy, the state also has an indirect influence on the context for private philanthropy. For example public policy, regulation and provision alter the incentives for private philanthropy.
8. Inland Revenue Department (2000). IR278: Payments and gifts in the Māori community.
9. OCVS expects to publish results of this research in May 2007 in a publication titled Mahi Aroha – Māori Perspectives on Volunteering and Cultural Obligations.
10. Appendix 3 – Activity subcategories splits out the secondary activity classifications, although only primary level classifications were used for this study. The culture and recreation category, for example, has three subcategories: culture and arts, sports, and other recreation and social clubs.

11. At the time of this report, Statistics New Zealand was considering how to modify the standard ICNPO categories so that they are appropriate for use in New Zealand. For example, the international classification system does not allow for Māori governance organisations in the non-profit sector. As part of the satellite account work, Statistics New Zealand plans to publish a series of discussion papers on the modifications to the standard categories.

12. See Appendix I – Survey method and analysis.

13. Identifiable information on these organisations is withheld due to confidentiality requirements.

14. See Appendix I – Survey method and analysis.

15. Authorised purposes are defined in the Gambling Act 2003 to mean a charitable purpose, a non-commercial purpose that is beneficial to the whole, or a section of, the community or certain other organisational purposes.

16. Small amounts (estimated to be about 1.0 percent of revenue) may be distributed to authorised purposes outside the direct interests of the club.

17. Department of Internal Affairs (2000). Where do Gaming Machine Profits Go? Department of Internal Affairs.

18. Community trusts were established from regional trust banks in 1988 under the Trustee Banks Restructuring Act. Community trusts, such as the ASB Community Trust or BayTrust, hold funds in trust on behalf of defined regional communities and distribute from these trust funds to purposes that serve their communities.

19. Energy trusts were created as (part) owners of corporatised electricity supply authorities under the Energy Companies Act 1992.

20. The Sale of Liquor Act 1989 allows licensing trusts to sell liquor through premises in a defined geographic district. As a licensing trust does not have beneficial owners, the Act allows the trust to distribute profits to philanthropic purposes. This study interprets the distribution clause as a statutory mandate for philanthropic giving. In particular, Section 189 Distribution of Profits states that a “licensing trust may expend or distribute the net profits arising from its operations to (a) the promotion, advancement, or encouragement of education, science, literature, art, physical welfare, and other cultural and recreational purposes; (b) the erection, laying out, maintenance, or repair of any buildings or places intended to further any of the purposes described; (c) any other philanthropic purposes.

21. Venues (typically hotels) that operate machines on behalf of a society and societies operating gaming machines require a license under the Gambling Act 2003. The license stipulates that the society must distribute a proportion of the proceeds from the machines to authorised purposes. Gaming machine trusts are collective organisations that distribute proceeds generated by the gaming machine operators.

22. The Lottery Grants Board is currently empowered under the Gambling Act 2003, and distributes profits from New Zealand Lotteries commission for community purposes.

23. The organisation is not named due to confidentiality requirements.

24. This category excludes corporate trusts and universities, which are separately analysed.

25. These data include funds channelled through a number of lawyer administered trusts. However, no single data source on lawyer administered trusts was available. As there is likely to be additional giving through trusts managed by lawyers, this estimate is likely to be conservative.

26. The average distributed per energy trust was \$7,159,640 while the average per energy company was \$2,128,875. The lower average distribution for energy companies suggests that the estimated total distributed by energy trusts is conservative.

27. Due to the small number of trusts in the sample and the proportion that made no distributions, the 95 percent confidence interval for this estimate is wide: \$621,000 to \$18.5 million.

28. Distributions from gaming machine societies, including licensing trusts, are analysed separately in section 6.6.

29. DIA indicates that, while all non-club operators are required to distribute funds to authorised purposes, some non-club operators do not distribute money by way of grants. DIA suggests, however, that this is probably only an issue for less than three quarters of one percent of funds allocated by non-club operators.

30. This is based on confidential information for the financial year to June 2006 provided by the Charity Gaming Association.

31. The actual number may be slightly higher as we have not considered clubs in the giving estimate. However, the CGA indicates that clubs distributed almost all proceeds back to their club members. The DIA (2000) survey (which includes clubs) suggests around 34 cents in the dollar was distributed.

32. Department of Internal Affairs (2000). Where do Gaming Machine Profits Go? Department of Internal Affairs.

33. The survey response rate was 73 percent, and accounted for the majority of machines. Therefore, the total non-club societies distributed is likely to be higher than \$111 million. Noting non-respondents operated a minority of the machines, the survey suggests actual distributions could have been up to \$118 million.

34. The Commission had disposable income of \$135 million.

35. For example, only 11.9 percent of participating households in the HES reported giving to Charitable, Church or Civic Organisations. This compares, for instance, to a figure of 93 percent of respondents giving donations to non-profit organisations at least once in the previous year reported in the Philanthropy New Zealand 2003 Giving Behaviours and Attitudes Survey in 2003.

36. The figure for the 2006/2007 tax year had not been finalised as this report went to press, but the figure as of 16 January 2007 stood at \$352.2 million.

37. Grants of administration include probate, elections to administer with a will annexed, letters of administration, and letters of administration with a will annexed.

38. Sponsorship and cause-related marketing involves an expectation of return. As such, they are inconsistent with the definition of philanthropy and are excluded from the estimate of business and corporate giving. These forms of funding, however, are likely to be substantial. For example, Coca-Cola Amatil (NZ) Ltd provided \$1.5 million (excluding sports sponsorship) for sponsorship and cause-related marketing partnerships but has no budget for cash donations.

39. The Johns Hopkins report showed that 2.8 percent of non-profit income in the UK came from companies, along with a similar figure for France and 2.0 percent for the USA.

40. This study is a snapshot and did not aim to isolate giving in response to high profile appeals. These appeals, however, have implications for analysing giving information in different years. For example, high profile appeals may result in higher than average giving in some years or 'giving fatigue' in others, or may change giving behaviour by raising the profile of philanthropy.

41. Survey responses from grant recipients that gave to overseas recipients showed that these charities gave approximately one third of grants they received during the year to overseas recipients. However, the small number of responses from the random sample means these giving rates may not necessarily reflect the behaviour of charitable organisations in the wider community.

Roodman and Standley (2006) report OECD statistics indicating New Zealand non-governmental organisations (NGOs) granted US\$18 million, or approximately NZ\$27.1 million, to developing countries during 2003. In addition to private funding, OECD data for 2005 show government overseas development assistance of NZ\$389 million. Accessed 26 February 2007: <http://www.oecd.org/dataoecd/42/8/1860509.gif>.

42. Appendix 3 – Activity subcategories splits out the secondary activity classifications, although only primary level classifications were used for this study.

43. This study uses a method developed by the Institute for Policy Studies at Johns Hopkins University in the United States, and which has been adapted by Statistics New Zealand for application within a New Zealand context.

44. The activity classification is an innovation in terms of categorising what philanthropic funding supports, and this study is the first study to apply this system. An issue with using this system is grantmakers may support organisations that fall into multiple categories. Given respondents' unfamiliarity with the system and that grants may be recorded by organisation rather than activity, there is an issue about the accuracy of the activity data collected with the survey. Although most respondents recorded supporting multiple activities, the researchers cannot assess the accuracy of responses.

45. The sum of the percentages of estimated giving for individual components does not equal 100 percent due to rounding.

46. Survey tool accessed 28 July 2006: <http://www.independentsector.org/programs/research/gvresources.html>.

47. The IQR (Inter-Quartile Range) is a measure of how widely the sample data are spread. It represents the range of the middle 50 percent of the data, and is calculated as between the lower and upper quartiles. This measure excludes extreme values and is therefore useful for focusing on 'typical' responses that appear in the middle of the sample.

48. The 'typical mean' is calculated here by excluding extreme value observations called outliers.

49. There is no complete register of grantmakers or grant recipients so it is difficult to establish the accuracy of this estimate of the number of grant making organisations. The study identified approximately 720 non-PNZ voluntary trusts in the process of collecting data. We are unlikely to have identified all trusts, so the figure of 720 is likely to substantially undercount the actual number of grantmakers in the entire population.

To give an idea of the sensitivity of the estimate of giving by non-PNZ voluntary trusts, if the number was  $\pm 10$  percent the lower and upper estimates would be \$62.6 million and \$76.7 million, respectively, or  $\pm \$7$  million.

The IRD approved donee list might provide an idea of an extreme upper limit. The list has donee organisations that Inland Revenue has approved for the purposes of sections KC 5, DB 32 and DV II of the Income Tax Act 2004 (accessed 19 January 2007 <http://www.ird.govt.nz/donee-organisations/>). The on-line IRD list updated on 19 January 2007 contained approximately 20,000 donee organisations.

Assuming the donee list includes similar proportions as the Companies Office Register of organisations that granted money and are currently operating, this would correspond to 5,300 grantmakers or approximately 20 percent more trusts than the estimate based on the Companies Office Register. Using this figure (less identified PNZ voluntary trusts) as an upper limit, the estimate of giving by non-PNZ voluntary trusts would rise to \$82.7 million or just under 19 percent. This linear estimate seems over-optimistic for two reasons. First, the IRD donee list may have a smaller proportion of grantmakers. Second, the average grant from trusts on the IRD donee list is likely to be lower as these organisations do not grant solely from their own funds as they are also grant recipients.

If a similar sensitivity factor of  $\pm 20$  percent were used to calculate an extreme lower limit of 3,540 grantmakers, the estimate of giving by non-PNZ voluntary trusts would fall to \$55.6 million. This lower estimate also seems over-pessimistic, however, as it represents only slightly over double the observed level of giving by the 720 identified non-PNZ voluntary trusts (i.e. only 20 percent of the extreme lower limit population).

50. As noted above, there is no complete register of grantmakers or grant recipients so it is difficult to establish the accuracy of this estimate of the number of charitable grant receiving organisations. A sensitivity analysis indicates how sensitive the donations estimate is to the number of grant recipients. If the number of recipients were  $\pm 10$  percent the lower and upper estimates would be \$225 million and \$248 million, respectively, or  $\pm \$11$  million.

An alternative source on the number of grant recipients is the IRD approved donee list. This source provides indicative figures, but we do not have detailed information on the characteristics of the organisations on the IRD donee list. Assuming the list includes similar proportions as the Companies Office Register of grant recipients and organisations that are currently operating, this would correspond to 10,800 grant recipients or approximately 19 percent more charities. Using this figure as an upper limit, the donations estimate would rise to \$258.4 million. Even this estimate is conservative given IRD's information on donations rebates.







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